# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Hopes rise for peace in Beirut

Negotiators working to save West Beirut from Israeli attack last night believed they could be close to the basis for an agreement.

U.S. special envoy Philip Habib suggested that Palestinian leaders should withdraw as a multi-national peacekeeping force moved in.

In Moscow, Soviet leader Leonid Brezhnev warned against using U.S. troops in Beirut but urged the U.S. to try to end the Lebanon crisis. Back Page

### Falklands probe

The Falklands inquiry will have access to secret intelligence reports and Cabinet papers, but publication of some sensitive material in the final report may be banned. Back Page

### Boost for tanks

New equipment to help British tanks and anti-tank systems to take on the T72, the main Soviet battle tank, was announced in the Commons.

### '10m poor in UK'

As many as 10m Britons, nearly one in five, experience a "poverty-stricken life," the author of a Government-financed study of social deprivation said. Page 8

### Nato cuts plan

Western nations proposed big cuts in military manpower in central Europe, aiming to revive *East-West talks deadlocked* for nearly nine years. Page 2

### Sainsbury gift

London Business School is to be given £1.25m to establish a research centre, by Mr David Sainsbury of the J. Sainsbury supermarket chain. Back Page

### Inquest refused

The High Court in London refused to order a new inquest into the deaths of 13 young blacks in a fire in Deptford last year.

### Invasion urged

Religious and military leaders in Iran called for an invasion of Iraq, to force acceptance of Iranian terms for ending the Gulf War.

### Ireland's role

It was fantasy to say the Irish Government should not be concerned with Ulster's affairs, Lord Gowrie, Minister of State for Northern Ireland, said. Page 10

### Party showdown

Australian Opposition leader Bill Hayden called all Labour MPs to a meeting to decide whether he or former union head Bob Hawke will lead the party. Page 3

### World Cup

Italy 2 (both Rossi), Poland 0 in World Cup semi final. International Football Federation president Joao Havelange will be re-elected today.

### England 329/3

England were 329 for 3 (Lamb 96 no, Botham 82 no) after the first day of the third Test against India at the Oval.

### Briefly . . .

VC won by Korean war hero Sgt William Speakman sold for £20,000 at Sotheby's.

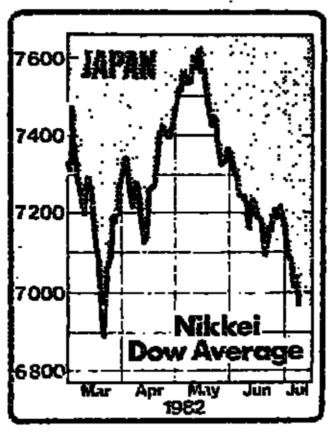
Man was charged with forgery in Greenwich after £5m in counterfeit notes was seized.

Former U.S. President Nixon began a three-day visit to Britain.

### BUSINESS

## $ stays strong; Equities lose 3.8

- DOLLAR rose to a record FFr 6.995 (FFr 6.979), and to DM 2.5165 (DM 2.5135) and SwFr 2.15 (SwFr 2.149), but fell to Y258.125 (Y259.25). Trade weighted index was 122.4 (122.7). Page 32
- STERLING lost 5 points to $1.708. It rose to DM 4.3 (DM 4.295), FFr 11.95 (FFr 11.925) and SwFr 3.675 (SwFr 3.6725), but fell to Y440.75 from Y443. Trade weighted index was unchanged at 91.1. Page 32
- EQUITIES opened well, but lost ground later. The FT 30-share index was down 3.8 at 551.4. Page 31
- *GILTS* were *strong*, with medium issues showing gains of up to ⅜. The Government Securities index was up 0.17 at 70.02. Page 31
- JAPANESE Nikkei Dow Index closed 73.2 down at 6,961.91, its lowest since March 17. Dealers said selling centred on export-oriented stock. Page 30




- GOLD rose $7.5 to $314.5 in London. In New York, the Comex July close was $322 ($311.3). Page 29
- WALL STREET was down 1.33 at 798.33 before the close. Page 30
- LORD WEINSTOCK, chief executive of GEC, the UK electrical group, is to meet AEG-Telefunken workers to discuss GEC's role in the West German group's rescue. Back Page
- INVESTMENT OVERSEAS produced record £26.47bn in UK invisible earnings in 1981, 13 per cent up on 1980. Page 6
- MERCHANT SHIPPING contributed £1.11bn to the UK balance of payments last year, against £1.15bn in 1980, said the president of the General Council of British Shipping. Page 7
- U.S. ELECTRONICS manufacturers account for almost a third of the industry's sales in Western Europe, says a report. Page 7
- ITALIAN BANKS will decide today whether to provide more funds for Banco Ambrosiano to aid financially troubled overseas associates. Page 24
- IMPERIAL GROUP, whose interests include tobacco, food and leisure, reported a 122 per cent increase in pre-tax profits to £65.8m in the half year to end April. Page 20; Lex, Back Page
- GENERAL ELECTRIC CO, the U.S. industrial group, announced second quarter profits up 7 per cent to $465m (£272m), taking half-year profits to $842m, 6 per cent up on the first half of 1981. Page 23
- SOUTH AFRICAN Breweries, the consumer goods manufacturer and distributor, has raised $100m (£58.5m) from a group of seven U.S. banks. Page 25
- COURT (FURNISHERS) raised second half pre-tax profits by £220,000 to £2.95m to bring its total for the year to end March to £4.6m, against £3.76m. Page 20

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES: | | |
|---|---|---|
| Exch. 11pc 1991 | £87¼ | + ⅛ |
| Amersham Intl. | 230 | + 6 |
| Avana | 318 | + 6 |
| BPB | 415 | + 5 |
| Black (P.) | 345 | + 10 |
| Bowthorpe | 277 | + 12 |
| Brit. and Comm. Shipping | 453 | + 13 |
| Cornell Dresses | 183 | + 13 |
| Courts Furn. A | 78 | + 11 |
| Glaxo | 736 | + 10 |
| Grindlays Bk. | 188 | + 13 |
| Inchcape | 280 | + 8 |
| Johnson Cleaners | 276 | + 7 |
| Scholes (G. H.) | 373 | + 12 |
| Sunlight Services | 105 | + 10 |
| Tesco | 68 | + 3 |
| Utd. Parcels | 206 | + 8 |
| BP | 270 | + 4 |
| Candecca | 212 | + 11 |
| Carless Capel | 169 | + 7 |
| Jackson Ex. | 116 | + 10 |
| Marinex | 103 | + 6 |
| De Beers Dfd. | 204 | + 20 |

| FALLS: | | |
|---|---|---|
| Treas. 3pc 1986 | £81½ | — ¼ |
| BB and EA | 60 | — 5 |
| Booth (J.) (Bolton) | 23 | — 11 |
| Broken Hill Prop. | 386 | — 8 |
| Davy Cpn. | 115 | — 6 |
| Granada A | 174 | — 4 |
| GUS A | 470 | — 10 |
| IMI | 50 | — 3½ |
| Impl. Group | 100 | — 4½ |
| Moss Eng. | 67 | — 5 |
| Quest Automtn. | 25 | — 8 |
| Sheffield Brick | 25 | — 3 |
| TI | 102 | — 4 |
| Thorn EMI | 390 | — 10 |
| Gold Petroleum | 87 | — 6 |
| Durban Deep | 525 | — 16 |
| Geevor Tin | 60 | — 5 |

# EEC-U.S. talks on new scheme for steel export licences

BY GILES MERRITT IN BRUSSELS

AN EEC export-licensing scheme for steel, devised by the European Commission as a means of regulating steel sales to the U.S. and ending the Reagan Administration's measures against Community steelmakers, will figure high on the agenda of top-level EEC-U.S. talks in Brussels.

The plan will be put to Mr Malcolm Baldridge, the U.S. Commerce Secretary, when he meets Viscount Etienne Davignon, the EEC Industry Commissioner, and Herr Wilhelm Haferkamp, the External Affairs Commissioner, today to discuss the worsening transatlantic steel row.

Mr Baldrige is accompanied by Mr Lionel Olmer, U.S. Under-Secretary of Commerce *with repsonsibilities for* international trade.

The export quotas plan has been refined since first being outlined to the U.S. in what turned out to be a vain hope of heading off the preliminary countervailing duties on EEC steel imposed by Washington in mid-June after complaints about European prices by U.S. steelmakers.

The licences for steel exports to the U.S. would be granted by the European Commission under a system tightly linked to EEC rules on prices and production levels throughout the Community.

The quotas, like the steel production limits imposed by Brussels since November 1980, would be determined in relation to a reference period establishing each steelmaker's traditional U.S. sales volume.

U.S. officials indicated yesterday that Washington saw no legal barriers to such an official restriction of evports, whereas the self-restraint arrangements at industry level previously under discussion had risked infringing U.S. anti-trust law.

American reservations over the licence scheme therefore centre on the difficulties of securing EEC steel-producers' *compliance with the quotas*, and on the key question of the overall steel tonnages from the EEC that the system would govern.

Brussels Commission officials suggest that the licence scheme would be operated in conjunction with the production controls, and that the mechanisms for policing steel output would also, therefore, prevent possible fraudulent transhipments of EEC steel to the U.S. via third countries.

The level of total EEC steel tonnages acceptable to the U.S. as the price for ending the measures against allegedly subsidised steel remains the crucial issue.

The EEC position is that its *traditional share* of the U.S. steel market is some 6m tonnes annually, while U.S. offers are reported to put the acceptable level of EEC exports at only 4.5m tonnes.

Mr Baldrige's sudden decision this week to visit Brussels for talks on steel is nevertheless being seen as an encouraging sign.

It followed a U.S. Cabinet meeting that discussed U.S.-EEC trade tensions, and clearly reflects the importance that the Reagan Administration attaches to the statement warning Washington *against souring of* transatlantic relations issued by EEC Heads of Government after their Brussels summit at the end of June.

- The European Court of Justice has rejected a suit by Kloeckner, the West German steel group, contesting the production quotas set by the Commission in the second quarter of 1981. Kloeckner sought an increase in its quotas.

UK steel consumers attack pricing policy. Page 8

# Wall St selling hits big banks

By David Lascelles in New York

U.S. BANK shares came under heavy selling pressure on the New York Stock Exchange yesterday as the repercussions of Monday's collapse of a bank in Oklahoma bred fears of further upheavals in the financial community.

The share price of virtually every major U.S. bank was affected. By noon some of the largest — Chase Manhattan, Continental Illinois, Chemical Bank, Citicorp, Bankers Trust and J. P. Morgan — hit their lowest trading levels in a year or more.

The sell-off was fuelled in part by the retreat of the Stock Market as a whole. It clearly marked a further deterioration of investor-confidence in U.S. financial institutions, however, and extended a decline which has been evident since the huge default by the securities firm Drysdale Government Securities last May.

The resurgence in U.S. interest rates, with the collapse of Penn Square Bank of Oklahoma on Monday, entailing further sizeable losses for some banks, have made things worse. Fears on the possibility of more failures are being expressed publicly and privately along Wall Street.

Shares in Chase Manhattan, which was hit by both the Drysdale and Penn Square failures, fell another 1½ points, to about 35¼, by noon yesterday, extending a dramatic decline from its 55 high just two months ago before news broke of Drysdale's losses.

Continental Illinois, whose second-quarter earnings will be wiped out by the Penn Square failure, suffered its third day of heavy selling. At noon it had lost another point, at 18½, having its lowest level since 1976. Only a few months ago it traded at 40.

The sell-off was not confined, however, to banks which have been directly affected by well-publicised shocks. Citicorp was trading at a 52-week low of 21¾. J. P. Morgan, parent of Morgan Guaranty Trust Company, among the most respected banking names on Wall Street, sank more than 2 points to 46¾ at noon, compared with its 52-week high of 59⅞.

The financial community's fears centre not so much on the security of big bank names but on the small failures which, as recent experience has shown,

Continued on Back Page

Continental Illinois paper tumbles in Euromarkets. Page 23

# ICI issues writ over Government tax concessions

BY SUE CAMERON

IMPERIAL Chemical Industries has taken the unprecedented step of issuing a High Court writ against the Government over special tax concessions to be given to its oil company rivals.

ICI, Britain's biggest manufacturing company, claims the tax concessions are nothing more than government subsidies and will therefore breach EEC rules under the Treaty of Rome.

The Government itself made clear last night that it would fight ICI every inch of the way, and it is apparently confident of winning. But within Whitehall there was grave concern about the wider legal and constitutional implications of the company's move.

Fears were expressed that even the most ardent supporters of the EEC might change their views if they found the will of the British Parliament, as expressed in the Government's tax decisions, could be overturned in the courts.

The tax concessions themselves are embodied in the Finance Bill now going through the Commons. They will enable Shell, Esso and British Petroleum to sell low-priced ethane gas from the North Sea to their petrochemical subsidiaries for use as feedstock. The plan is that the Inland Revenue should accept a low ethane transfer price between the oil companies and their subsidiaries for tax valuation purposes. Once agreed, the tax reference price will hold for periods of up to five years.

ICI will gain nothing from the concession because it is not the chemical subsidiary of a North Sea oil company, and it uses oil-based naphtha, not ethane gas, as a raw material at its huge Wilton petrochemicals complex on Teesside.

The company has warned that the tax concessions to its rivals will ultimately force it to shut the Wilton complex with the loss of 9,000 jobs. But last night it seemed ministers were not taking the threat too seriously.

It appears, however, that Whitehall is now grudgingly admitting that the tax concessions were decided on only after Shell and Esso had threatened to abandon their £500m petrochemicals project at Mossmorran in Fife and after BP Chemicals threatened to shut its Grangemouth petrochemicals plant in Scotland.

The tax concessions will mean *that Shell, Esso and BP will* face comparatively small bills for petroleum revenue tax on their ethane gas sales and their chemical subsidiaries will enjoy the benefit of cheap raw materials. They are evidently expecting to pay well under 16p a therm for their ethane compared with the current price of 33p a therm ICI is having to pay for its naphtha.

ICI has been lobbying the Government for months over the tax concessions. Earlier this summer it demanded a special deal over its purchases of naphtha

# Iran's plea to raise oil output threatens Opec

BY RICHARD JOHNS IN VIENNA

*THE ORGANISATION* of Petroleum Exporting Countries' fragmented agreemnt on control of produtcion may collapse altogether during the organisation's ministerial conference which starts in Vienna today.

Iran's level of output is expected to be the focal point of what threatens to be a strained and acrimonious meeting. Other members also want an increase in their production quotas.

The majority, however, still believe that the ceiling on collective production of 17.5m barrels a day orginally set in March, should be maintained for the time being to avoid the downward pressure on the reference price of $34 per barrel for Saudi light crude.

The immediate problem facing Opec is how to reconcile the output ceiling with actual output of the 13 members which rose to at least 18.2m b/d during June. Iran ha sbeen *pumping as much as* 2.2m b/d, 1m b/d above its allocation laid down by Opec in March. Iran however, has never agreed to abide by the quota.

On his arrival in Vienna, Mr Mohammed Gharazi, the Iranian Minister of Oil, refused to say how much his country was producing, saying that it was a war secret (with reference to the conflict with Iraq). However he implied that it was, indeed, in the 2 to 2.2m b/d range.

Most Opec members agree that the production quota allocated to Iran four months ago was too low, despite a general agreement that in the present market conditions the overall Opec ceiling of 17.5 b/d should not be raised.

The strains within Opec were highlighted on Wednesday by Venezuela's threat, primarily made, it seems, for domestic consumption, to increase its output if other members did not respect their quotas.

*Sr Humberto Calderon Berti*, the Venezuelan Minister of Mines and Energy, said Venezuela would have no problem in exporting an additional 300,000 to 400,000 b/d above its present 1.5 b/d allocation.

Libya wants its quota raised to 1m b/d, the level maintained last month, against an allocation of 800,000 b/d in March. Both Nigeria and Indonesia also feel entitled to a larger volume.

Opec's monitoring committee, which has been meeting in Vienna this week, will recommend to the full ministerial conference maintenance of the 17.5m b/d ceiling and urge adherence to it on a monthly, as opposed to a quarterly, basis.

Nevertheless, Venezuela and Indonesia believe that a decline in the rundown of oil stocks in industrialised countries should allow an output of 19m b/d by September.

BNOC oil find, Page 6

# Interest rates hint

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

AN UNAMBIGOUS signal was flashed from the Bank of England yesterday that it would like the clearing banks to cut their base lending rates by ½ a percentage point to 12 per cent.

The signal was an ⅛ point cut in the rate at which the Bank supplies assistance to the money markets through buying very short dated bills from the discount houses. This follows a series of cuts this week on the rates for medium and longer dated bills.

The key rate on the so-called "band 1" bills had remained unchanged at 12⅝ per cent since June 8, when base rates were reduced to their present 12½ per cent. Base rates were last at 12 per cent in the summer of 1981 but they have not been

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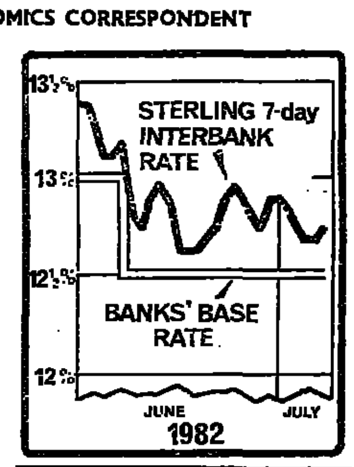
Money Markets, Page 32




£ in New York

| — | July 7 | Previous |
|---|---|---|
| Spot | $1,7160-7180 | $1,7140-7150 |
| 1 month | 0.42-0.47 pm | 0.42-0.46 pm |
| 3 months | 1.53-1.58 pm | 1.35-1.40 pm |
| 12 months | 5.15-5.25 pm | 4.65-4.75 pm |

# Train drivers step up picketing

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TRAIN DRIVERS yesterday sharply stepped up picketing in the rail strike. While their action seems to have checked the drift back to work by some drivers, it failed to prevent British Rail again slightly increasing the number of train services it was able to run.

BR decided yesterday to maintain services on the network next week.

It reported the increased picketing, but said that it was orderly, in the main. Members of the Associated Society of Locomotive Engineers and Firement concentrated their efforts at depots which have so far seen no pickets.

*The increase had a marked* effect on BR's early services. In the period up to 10 am, it was able to run only 464 passenger trains, compared with 497 in the same period the previous day. By 2 pm, as picketing cased, BR's position had slightly improved with a total of 819 trains having run, against 835 by the same time the previous day.

By 4 pm, the effect of the picketing had lessened considerably, so that BR was able to tally 1,176 trains in all compared with the previous day's figure of 994. The projection to midnight was 1,630, but this appeared likely to fall closer to Wednesday's actual figure of 1,527.

BR's long-term finances, Back Page
U.S. rail dispute, Page 4
Other labour news, Page 9

Services varied in the regions. By 4 pm, Western region was still the worst hit, with only *seven* passenger and four freight trains running against nine and 12 the day before. The highest figures were on the Eastern region, which ran 373 passenger and 44 freight trains, compared with 205 and 32 the day before.

The number of drivers working showed a slight increase to 621 by 4 pm, against 553 the day before. Yesterday's figure was made up of 351 Aslef members and 270 members of the rival National Union of Railwaymen, against 291 and 262 respectively the previous day.

However, the overall projected figure of 750-800 is likely to compare closely with the 765 total on Wednesday, indicating that the drift back to work may have been halted. This seems to have been achieved partly by picketing, and partly by Aslef officials persuading drivers at such depots as Bury and Bolton, which had voted to call off the strike, to reimpose their action.

The BR board executive's decision to maintain services next week, came with an offer to drivers of an inducement in the form of possible overtime earnings at the weekend if they ran trains on Sunday over routes which have remained open this week.

Mr Cliff Rose, BR board mem-

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## CONTENTS



*For latest Share Index phone 01-246 8026*

# Spadolini pledges action on wage indexation system

BY JAMES BUXTON IN ROME

SIG GIOVANNI SPADOLINI, the Italian Prime Minister, said yesterday that his government would act to reduce the effect of the *scala mobile* wage indexation system as part of its economic package to stopt he explosion of the public sector deficit.

But it would insist that the employers in the state sector who have said they will cease to honour the *scala mobile* recoke their decision.

*The Prime Minister* was addressing a packed session of the Senate in a crucial speech on which the future of his year-old government depends.

The need for the Republican Premier to state his programme to parliament was caused by the serious split in his cabinet between Christian Democrats and Socialists on the wage indexation issue.

It will not become clear until today, when the Senate debates the issue, whether the Prime Minister's statement will sufficiently satisfy both the main parties in his coalition and enable his government to continue.

But while the Socialists were initially pleased with what Sig Spadolini said, the Christian Democrats were disappointed and said he should have been tougher.

Sig Spadolini made a strongly-worded plea for an end to the intense inter-party bickering that has affected his government for the last three months and prevented it from introducing the urgently needed economic package.

He asked *his coalition partners* to unite on a common programme. "We do not intend to retreat," he said, "but it would be impossible to go on without commitment from the coalition members."

The latest crisis was provoked by the decision of Intersind, which represents the management in the main state industrial concerns to follow Confindustria, the private employers' association, in saying they would cease to honour an agreement on *scala mobile* when it expires next February.

*Sig Spadolini, supported by* the Socialists, wanted to order Intersind to back down. The Christian Democrats said they would only accept this if the Government acted immediately to reduce the effects of the system, and the unions agreed to discuss it.

Yesterday Sig Spadolini reiterated the need for the public sector companies to back down.

He said that the package of measures to cut the public sector deficit, which has expanded far beyond the Government's declared limits, would include *both the raising of the VAT* and a measure to remove the effect of this tax increase from the basket on which the *scala mobile* index is based.

He said he intended to reduce the deficit, by at least L8,000bn (£3.3bn) to L10,000bn. This would be done by rises in charges for health and social security cuts in transfers to local authorities, and a 1 per cent cut in real terms in Government current spending.

The package would form part of the Finance Bill for next year which must normally be presented by September 30. *In this* case it would be presented by July 31.

# French Government expected to ease price control rules

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is expected to bow to pressure from industry and commerce today on some adjustments in its Draconian price control regulations.

Officials confirmed last night that the measures would be announced after the meeting of the National Prices Committee, which brings management and unions together with the Government in a discussion forum. But they emphasised that the changes being envisaged were meant to deal only with hardship cases.

The adjustments come against a background of hardening opposition to the Government's prices policy, which was announced in the wake of the devaluation of the franc last month. Margins were frozen completely from June 11 to the end of October, with the exception of a limited number of products, including energy prices and fresh foods.

Yesterday, the French Patronat, the employers' association, denounced the freeze as an "economic disaster," expressing its total disagreement with the Government. The national representative body *for the distribution* profession also warned that it would have "disastrous" consequences.

The main adjustment being considered by the Government is on the blockage of promotional prices. Companies running big promotions will now be able to change back to the former price of the product before stocks run out.

In addition, the system of "*client-by-client*" control, which means that prices have to be charged at the level of the previous contract between the supplier and customer, is to be dropped. This means that companies will be able to charge the price that existed on July 11, rather than prices which, in some cases, could refer to previous orders several years ago.

From the beginning of the freeze, the Government has promised negotiations on specific cases. But the Patronat wanted much larger concessions, including the immediate ability to recuperate raw material and energy costs, the rapid authorisation for new product prices, and the abandonment of the system under which new taxes are included in the frozen price.

While accepting marginal adjustments, however, the Government is sticking to its short-term freeze startegy, while planning a system of controlled liberalisation in the period afterwards. Ministers are now talking of an 18-month dose of austerity aimed at putting the French economy into shape.

# Nato tables plan for force cuts in Europe

VIENNA—Western nations yesterday tabled a formula for substantial cuts in military manpower in Central Europe, aimed at reviving East-West negotiations that have been deadlocked for nearly nine years.

The North Atlantic Treaty Organisation plan envisages reducing Nato and Warsaw Pact land and air forces in the central area of Europe—including the two German states—to 900,000 men each in four stages spread over seven years. Previously the West had proposed reductions in two phases, with a separate agreement for each.

The proposal imposes obligations from the outset on all countries with troops in Central Europe to reduce their forces to help reach the overall ceiling, conference officials said.

This is intended to answer Communist complaints that earlier Western proposals failed to include a clear commitment to limit growth of the West German army, Nato's biggest single fighting force in Europe.

The revised formula, announced by President Ronald Reagan during his visit to Bonn last month, was presented by Herr Walter Boss, the West German envoy, in the form of a draft treaty at the 312th plenary session of the 19-nation troop reduction conference.

The 900,000-man total on each side, with a sub-ceiling of 700,000 for ground troops, has already been agreed in principle by both sides. But a dispute over present force strength and ways of monitoring a reduction accord have blocked progress.

Reuter

# Bonn braced for fight on defence

By Jonathan Carr in Bonn

THE WEST GERMAN Government is bracing itself for sharp criticism from two opposing sides — the U.S. Administration and left-wing Bonn parliamentarians—over the proposed defence budget for 1983.

According to estimates approved by the Cabinet this week, defence spending next year will rise by 4.1 per cent in nominal terms to DM 46.1bn (£10.7bn).

It is not expected to be long before Washington makes clear its concern that Bonn will thus be falling well below the Nato pledge, made in 1978, to try to boost defence spending by 3 per cent annually in real terms.

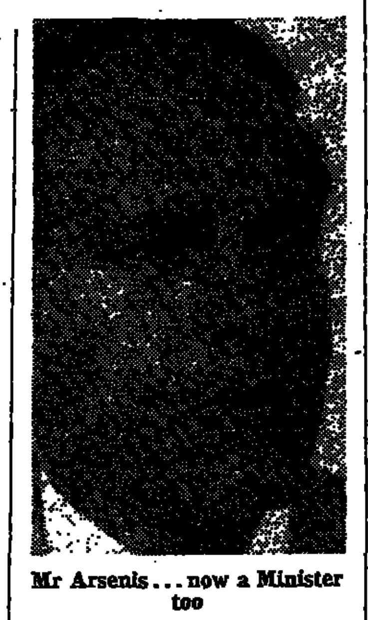
At the same time, members of Chancellor Helmut Schmidt's Social Democrat Party (SPD) are already noting sourly that the defence budget in 1983 will be rising by *more than double the average* increase for the budget as a whole—1.9 per cent in nominal terms.

In particular, the SPD points out, that at a time of record unemployment, next year's labour and social affairs budget allocation is being cut by 9.8 per cent to DM 53.2bn (£12.4bn) and the sum for the Youth and Family Affairs Ministry by 3.1 per cent to DM 18.2bn (£4.2bn).

Open criticism is being muted in advance of the summer break, but SPD deputies seem bound to make their views clear when the budget is given its first reading on September 14.

Bonn has long been irritated by U.S. criticism that the West Germans are "missing the 3 per cent target." It points out that, throughout the 1970s its defence expenditure rose at an annual average rate of 2.8 per cent in real terms, while that of the U.S. fell by a real 1.9 per cent annually over the same period.

Experience has also shown that the defence budget has a tendency to overrun the original estimates.



Mr Arsenis . . . now a Minister too

# Arsenis to stay Greek bank chief

By Victor Walker in Athens

MR GERASSIMOS ARSENIS is to retain his post as governor of the Bank of Greece despite his appointment as National Economy Minister in weekend government changes. This was announced by a government spokesman a few hours after mediation by Mr Arsenis had settled Greece's 43-day bank strike.

The spokesman said administration of the Bank of Greece would be carried out by two deputy governors—Mr Dimitrios Halikias and Mr Evangelos Kourakos. Both are long-term senior officials of the bank.

The dual role for Mr Arsenis is expected to draw criticism from the opposition New Democracy Party on the grounds of a possible conflict of responsibilities. The Bank of Greece traditionally has kept aloof from government policy-making, and the former governor of the bank, Professor Xenophon Zolotas, had considered it his duty to be prepared to criticise government decisions in the economic sector with which he did not agree.

Mr Arsenis settled the bank strike on only his second full day as a minister with a compromise formula that offered the unions more than the banks had been prepared to grant, but only from next year.

The unions accepted the ceiling on wage rises this year—*in the context of a new unified* salary scale for all banks—on which the bank governors had insisted from the beginning. Wage rises this year are not to exceed 17 per cent for staff earning above Dr 30,360 (£253) per month, but may rise by up to 25 per cent for those earning below that figure. Mr Arsenis said that this kept the award for this year within the limits set by the Government's incomes policy.

From next January, however, *those receiving a maximum* increase of 17 per cent will receive a supplementary rise bringing the total to 25 per cent. Also from January, there will be additional long-service payments, and the period of military conscription served by male employees will count as work with the bank.

The unions had sought to have the unified salary system apply without any ceilings and also wanted jobs held elsewhere before joining a bank to count *as service* with the bank in the calculation of salary.

They said that although the formula did not satisfy their demands, it covered the basic points. It was accepted, the unions said, as a practical demonstration of willingness to co-operate in the new cabinet's efforts to bring about economic recovery.

# Arrests deal blow to Solidarity radicals

BY CHRISTOPHER BOBINSKI IN WARSAW

A SERIES of arrests in recent weeks have dealt a serious blow to the radical wing of the suspended Solidarity movement's clandestine organisation in Warsaw.

The Polish authorities say they have arrested some of those involved with the secret radio transmitter in the capital which first went on the air towards the end of April and broadcast once a week until last month.

Among those detained is Mrs Irena Romaszewska, one of the announcers and a worker at the colour television factory in Piaseczno just outside Warsaw.

Also arrested is Mr Roger Noel, a Belgian whom the press here has accused of bringing radio equipment into Poland hidden among medical equipment destined for the internees.

Solidarity has at least two other transmitters at work in Poznan and Gdansk. The equipment in Warsaw was seized by the authorities same weeks ago.

Apart from transmitting news bulletins once a week, the broadcasts were seen by Mr Zbigniew Romaszewski, a Solidarity leader who claims to have organised the radio, as a means of communication between factories in case of a general strike.

He and the Solidarity Interfactory Workers Committee, of which he is a leader, represent the radical wing of the union in Warsaw. They claim to represent some 60 plants in the Warsaw area and have been urging a general strike in the autumn. However, Mr Zbigniew Bujak, Solidarity's chief in the capital, is less enthusiastic and preliminary soundings among workers have not shown support for such a course.

The arrests have also affected some Warsaw underground publications and four printing works have been discovered by the authorities recently.

# Chirac victor in dispute over Paris reorganisation

BY TERRY DODSWORTH IN PARIS

M JACQUES CHIRAC, Mayor of Paris and principal opposition leader in France, has emerged with a victory on points from the first skidmishes in the fight over the Government's reform plans for the city.

In a measured attempt to deflect the widespread criticism that has rained down on the Government, M Pierre Maurey, the Prime Minister, has come up with compromise proposals leaving substantial powers in the hands of the Mayor. In particular, the Mayor will retain the sole right to collect local taxes.

M Mauroy's initiative is designed to cut the ground from under M Chirac, the leader of the neo-Gaullist RPR party, as he mobilises his forces for an all-out attack on the proposals.

The Government has been made embarrassingly aware in the past few days that it was fighting an unpopular battle with most of the Parisian public. Opinion polls show a large measure of approval for M Chirac's administration of the city, and a wide cross section of the Press has condemned the plan as a clumsy attempt to deprive M Chirac of a national political platform.

M Mauroy, in effect, is now handing back a large part of this platform to M Chirac, who has shown a superb showman's grasp of the public relations possibilities of his job. It remains to be seen, however, if the Mayor will accept the olive branch and allow the conflict to die away.

The root of the problem is that the Government is still insisting that it will press ahead with the establishment of 20 locally-elected district councils in the city with their own mayors and local responsibilities.

While these councils will not have the sweeping powers envisaged under the original plans, they are likely to represent a considerable counterweight to M Chirac's authority, especially in Socialist areas of the city.

**David Buchan** reviews a loyal Soviet ally's economic reforms

# New growth in Bulgaria's garden

TAKING Voltaire's advice, the Bulgarians have kept their heads down and cultivated their garden. They are now more prosperous than at any time in their chequered Balkan history. But the chilly East-West winds that are blowing even in this remote corner of Europe make that prosperity precarious.

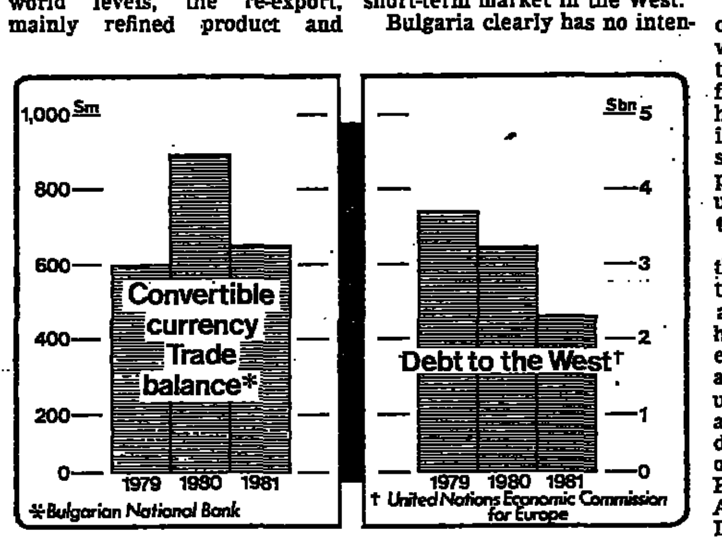
Bulgaria does more (70-75 per cent) of its trade inside Comecon than any other Communist bloc country. This insulates it to a large degree from President Reagan's economic sanctions, but makes it more dependent than any other Comecon country on the Soviet Union, at a time when Moscow is increasingly having to look after its own hard-pressed economy.

Uniquely in Eastern Europe, Bulgaria has a declining foreign debt and a hard currency surplus. This gives it available *cash to develop trade with the* West, just when for political reasons, such trade ties look most vulnerable. It also happens to have surprisingly good relations with its two Nato neighbours, Greece and Turkey. But, as Moscow's smallest and most loyal European ally, it is and mu sthe the first to toe any confrontational line the Kremlin might order.

For the moment, Bulgaria and its leader, President Todor Zhivkov, are being amply rewarded for their loyalty. This faithfulness is no hardship to them. Bulgarians have always been the most russophile of the Soviet Union's neighbours—to the paradoxical extent of still having in the centre of Sofia perhaps the only remaining public statue of a Tsar. (It is of Alexander II who weighed in on the Bulgarian side against the Turks in 1878.)

The Bulgarians deny there is any favouritism. But equally *there is no indication that the* cuts in Soviet oil imposed on several other Comecon countries are affecting Bulgaria. It still appears to be importing 12-13m tonnes of Soviet oil, about 90 per cent of domestic needs. Those needs are declining, since Bulgaria has pushed its nuclear energy programme to the point where it now provides 25 per cent of all electricity generation (a ratio matched in the West only by France and Belgium).

Add to this the oil in which—handily for Bulgaria—major Opec countries are currently choosing to pay for Bulgarian goods and services, and it is clear Bulgaria presently has quite a lot of oil for re-export. Exactly how much the Bulgarians have stopped revealing, but given the fact that Soviet oil prices lag behind world levels, the re-export, mainly refined product and




petrochemicals, is probably at a decent profit.

With a helping hand from *Moscow and their own initiative,* the Bulgarians were selected as the main electronics exporter within Comecon, a $2bn (£1.5bn) a year business mainly directed at the Soviet Union—and which, incidentally, covers their Soviet oil bill. The other handsome benefit Bulgaria draws from Comecon specialisation is its assigned role as builder of fork-lift trucks for the bloc. Nearness to left-wing and oil-rich markets, such as Libya, Irac and Iran, is a further *geopolitical advantage.*

The upshot is that Bulgaria has been able to fill its shops at home, mantain a sizeable surplus on its hard currency trade without cutting imports, and reduce its indebtedness to Western banks. No other East European country can claim that combination.

Bulgaria last borrowed on the Euromarkets in December 1979. Whether or not President Reagan persuades the West to restrain lending to the East, Mr Vesselin Rankov, first deputy president of the Foreign Trade Bank (the country's borrowing arm), says Bulgaria has no intention of further financial borrowing until interest rates come down.

At the same time, he admits coyly, these rates have made it "not unprofitable for us to place our spare funds on the *short-term market in the West.*"

Bulgaria clearly has no intention of following Romania, Hungary and maybe Poland into the International Monetary *Fund (IMF).*

But, though anchored firmly in the Comecon system, Bulgaria is taking some precautions against harsher times ahead and, perhaps, the day when the Soviet Union will keep its oil for itself. In a sense harsher times are already upon Bulgaria: a country rapidly industrialising from a peasant past which has found that dearer raw materials and a no-longer-rising workforce have put a premium on productivity. The *average annual growth rate in* 1976-80 was 8 per cent, but that forecast in the current 1981-85 plan is only 4 per cent.

Bulgaria has quietly launched something called a "new economic mechanism" this year. The label is consciously borrowed from the Hungarians, but its substance goes less far.

One main aim is to make central planning less cumbersome. Ministries are to confine themselves to setting general targets and individual companies are to make their own "counterplans," filling in the details of how the targets are to be met.

The other aim is to make Bulgarian companies stand more on their own feet. Subsidies are to be cut. In theory, weaker companies will go to the wall, but officials insist no unemployment will result.

Wages are to be linked to output, in the hope that workers will thus increase their productivity. But a major difference from Hungary is that Bulgaria has only very limited plans to increase the scope of its private sector. So far, only minor private operations have started up in services, mainly in tourism.

The internal contradictions in the Bulgarian reforms, such as the fact that central planners are not going to lose their hold over allocation of foreign exchange, raw materials, energy and fixing prices, could reflect uncertainty in the government and party about how far to go down this new road. Some observers see a group of Politburo reformers in Mr Andrei Lukanov, Mr Ognyan Doinov, and Mr Todor Bozhinov, set against conservative ideologues like Mr Alexander Lilov and Mr Stoian Mikhailov, with President Zhivkov and Mr *Grisha Filipov, his Prime* Minister, floating somewhere in between.

Officials in Sofia insist the economic reforms are being made for internal reasons—not just to have a more flexible system to deal with Western companies. So they will go ahead regardless of the current East-West tensions. But some pulling back is already evident in cultural policy, which Mr Zhivkov's daughter Lyudmila opened up to Western influence *until her unexpected and early* death last year.

President Zhivkov has learnt in his quarter of a century in power to read the wider political climate. He may want more time to check the mood in Moscow and see how the East-West situation develops before committing Bulgaria to a new course.

# Schmidt presses Dutch over Cruise missiles

By Walter Ellis in Amsterdam

CRUISE MISSILES were the main item on the agenda when Chancellor Helmut Schmidt arrived in The Hague yesterday to begin the first official visit by a West German head of government to the Netherlands since 1964.

He is anxious to persuade Mr Dries van Agt, the Dutch *Prime Minister, to agree to* station 48 of the controversial missiles in the Netherlands as soon as possible.

Mr van Agt' own Christian Democrat Party is divided on the issue, its coalition partners, Democrats 66, wants to wait to see how East-West tensions develop, and the Labour Party is totally opposed. Only the centre-right Liberals are in favour, and even they contain several doubters.

*At least half of the Dutch* population, according to opinion polls, is unhappy about the missiles.

The Government has taken the view that a decision should depend on the outcome of the East-West talks on medium-range nuclear missiles which began in Geneva last month.

# Former Ministers call on Balsemao to resign

BY DIANA SMITH IN LISBON

TWO FORMER Portuguese Cabinet ministers, both prominent Social Democrats, have sent a letter to their party committees calling for the resignation of Sr Francisco Balsemao, the Prime Minister and president of the party.

He is accused of failing to improve the country's economic situation. The inflation rate has been more than 20 per cent for over a year, the balance of payments showed record $2.6bn (£1.5bn) deficit last year, and agricultural and industrial production have slumped.

For Sr Eurico de Melo, Minister of the Interior in the Government of the late Sr Francisco sa Carneiro, and Sr Anibal Cavaco Silva, Finance Minister in the same administration, it is their second attempt to dislodge Sr Balsemao. They spearheaded attacks on him last summer, causing Sr Balsemao to resign temporarily as a ploy to silence his critics. His opponents, largely conservatives, resented the Premier's conciliatory style.

Sr Balsemao's tactic worked, for his adversaries had no alternative candidate to offer. However, his position remains delicate.

The economic crisis and Sr Balsemao's low-key style has led to persistent speculation in his party that another Premier should be found. No names have been advanced as possible replacement and, until now, it had been thought more suitable to defer any changes until the constitution is reviewed and local elections held at the end of the year.

In their letter, published in the right-wing daily newspaper "O Dia," the two former ministers praise Sr Balseman's courage in taking over the party leadership and premiership at a very difficult time after the untimely death of Sr sa Carneiro in December 1980. However, they ask him to "think of the nation and recognise that he must be replaced."

Portugal's economic, political and party situation gives rise to the deepest concern, the letter says warning that the ruling coalition of Social Democrats, Christian Democrats and Monarchists shows signs of internal rifts and mistrust.

The former ministers claim the economic and financial situation has deteriorated to the point where Portugal's development and the prospect of improved living conditions could be compromised for years.

The Government must regain the confidence of the Portuguese, they say, especially those who voted for the coalition, and show a firm image.

# Dankert struggles to convince sceptics on MEPs' expenses

BY JOHN WYLES IN STRASBOURG

"THERE IS no reproach to be levelled against members," said a rather distrissed Pieter Dankert, president of the European Parliament, yesterday in an attempt to convince sceptical journalists that the parliament's 434 representatives have not been growing fat on fiddled expenses for the past three years.

Mr Dankert has been waging a losing battle for the past few months to limit the damage inflicted on the parliament's reputation by leaks of an explosive report by the Community's court of auditors.

This study of the parliament's cash office during 1981 has led to the transfer of two officials to other duties and lurid media reports of members drawing hefty advance expenses for which they were not properly called to account.

Mr Dankert could not and would not deny yesterday that abuses had been committed. But the extent to which members have been "borrowing" from the parliament is largely a measure of the woefully inadequate accounting procedures and administration which the court of auditors have uncovered.

No evidence has apparently been unearthed of individual wrongdoing worthy of legal or political censure.

The parliament's leadership has accepted all of the auditors' main strictures and recommendations and is instituting speedy reforms. Ernst and Whinney have been called into improve accounting procedures while the Belgian accountants, Moret and Limperg are investigating "irregularities" which have not so far been satisfactorily explained.

Obviously, Mr Dankert would not yesterday rule out an eventual police investigation. The core of the auditors' complaint is that the parliament's financial regulations have been consistently breached in the administration of the members' cash office.

This office was responsible for running a system of "imprest" accounts, for the payment of "urgent allowances." These would include members' £58 a day attendance allowances at plenary sessions and committee meetings, their travel allowances and secretarial and office allowances.

The auditors said that there was nothing urgent about this latter category and that it did not belong in the imprest accounts system. Having drawn their allowances, members could go for months without being called to justify their expenditures so that several did, indeed, run up debts to the parliament which were only belatedly paid off.

But this was not the real focus of the auditors' report, which uncovered a chaotic administration system in the cash office and a widespread incidence of mismatching balances between the office's accounts and individual bank accounts and between currency accounts (the office used 22 currencies) and the general account.

Subsequent investigation has brought about reconciliations between these various balances except for around £52,000 which was moved from the Midland Bank in London to Luxembourg this spring. Although there was an attempt to record the transfer as taking place last September and November, this money has not yet been traced.

Looking at the Midland Bank account alone, the report found 53 payments recorded in the cash office's accounts which had not been executed by the bank—nine of these payments were recorded without any supporting documents.

Another 45 payments had been executed by the bank, but were not in the cash office's books and 20 payments entered into the accounts in Irish punts had been executed by the bank in more valuable sterling.

But these were all for small amounts and could easily have been overlooked by the 15 Irish members, who have been absolved by Mr Dankert of any wrongdoing and have paid back their small "windfall" gain.

The reforms to be introduced shortly are aimed at cleaning up administrative procedures and removing the possibilities of abuse. The payment system is to be *computerised* in October and transfers made to members' bank accounts rather than by cash or cheque. If allowances are not fully accounted for by members, then deductions will be made from the following month's payments.

In addition, travel and subsistence allowances will be paid at the end of each month so that members' atendance records can be checked.

# Danish trawler 'kidnaps' official

KIEL — A Danish trawler crew "kidnapped" a West German fisheries official in the Baltic yesterday, according to Schleswig-Holstein's Agriculture Minister, Herr Guenther Flessner.

Two trawlers from Bagenkop, Denmark, were stopped by a patrol boat for using illegal dragnets and fishing within West Germany's three-mile limit. They set off for home at top speed after the patrol boat captain boarded one of them but were detained after a chase. Reuter

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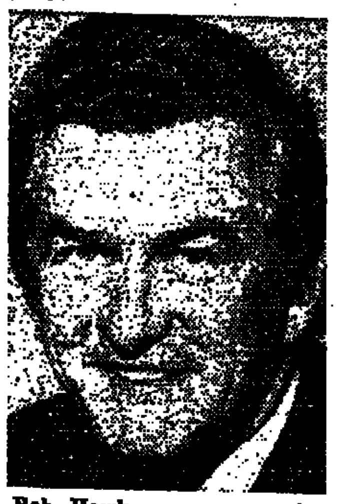


Bob Hawke . . . grooming himself for the job for years

# Hawke bids to lead Australian Labor Party

By Colin Chapman in Sydney

THE AUSTRALIAN Opposition Leader Mr Bill Hayden, clearly angered by constant sniping and a challenge to his leadership from fellow front bencher and former union leader Mr Bob Hawke, last night summoned all Labour MPs to a meeting in Canberra next week to decide which of the two men will lead Labor at the next election.

"This kind of destructive behaviour has got to stop," Mr Hayden told the Australian Labour Party at its annual conference.

Earlier Mr Hawke had declared that if Labor was to win the next election, he would have to be the leader. He was commenting on a newspaper poll showing that Mr Hayden had fallen behind Prime Minister, Mr Malcolm Fraser, in national popularity.

The irony is that Mr Hayden's tactics are exactly the same as those deployed by Mr Fraser when faced by a politically divisive challenge from Mr Andrew Peacock earlier this year.

Mr Fraser called a sudden meeting of Liberal MPs, and secured the numbers. Little has been heard of Mr Peacock since while Mr Fraser, despite a worsening of national economic problems, has regained both confidence and support.

Next week's vote in the Parliamentary Labor Party will be touch and go for Mr Hayden, a former Federal Treasurer and a one-time policeman. It is thought he will just scrape home with the support of cliques in the New South Wales party headed by the state premier and ALP president, Mr Neville Wran, and Mr Paul Keating, the Opposition resources spokesman and a key party organiser. But one week of vigorous campaigning by Mr Hawke, a former Rhodes scholar, could make for a very close fight.

Mr Hawke, who turns 53 in December, has never concealed his ambition to lead his party into government. With every possibility of Mr Fraser calling a general election a year early in October, he feels he must make his pitch now.

He has begun grooming himself for the job for years. He no longer looks like the archetypal trade union leader—the role he played as President of the Australian Council of Trade Unions for a decade before entering Parliament in 1980.

# Israelis prepare camp for prisoners

By David Lennon in Ansar, Lebanon

A SPECIAL detention camp for Palestinian prisoners is rapidly being prepared here by the Israeli occupation forces, which claim to have captured and arrested up to 9,000 PLO men in the past month.

High embankments of fresh earth surround the camp, which is ringed by portable metal watchtowers, a series of barbed wire fences and closely spaced electric light poles.

*A truck carrying two dozen* blindfolded prisoners arrived at the camp yesterday morning as I visited the site.

Israel refuses to treat the PLO guerrillas as prisoners of war and promulgated a special military regulation which enables them to hold the guerrillas under a classification of administrative detainees.

The advantage of this regulation for Israel is that those held under it never have to be brought to trial and can be detained indefinitely.

Having taken so many prisoners whom it will not treat as prisoners of war, Israel decided to build a special detention camp at a point halfway between Tyre and Sidon, some 10 km inland.

In nearby Sidon, an Israeli army spokesman said that more Palestinian guerrillas were being detained every day. "We know there are more PLO men in the region and we will try to get every one of them."

The spokesman claimed that Israel had detained 9,000 people in southern Lebanon and that many hundreds had subsequently been released.

But the war against the PLO behind the Israeli front lines has not ended. The Israeli forces are daily discovering arms caches inside Lebanon and still expect to capture more guerrillas

**Anthony McDermott** assesses Amman's anxiety over increasing instability in the Middle East

# Impotent Jordan mourns Lebanon's humiliation

THE SENSE of shock and humiliation at Israel's invasion of Lebanon has probably been felt more acutely in Jordan than in any other part of the Arab world.

Jordan has both the longest front line with Israel and the largest Palestinian population, outside the occupied West Bank and Gaza Strip. Because it has also been traditionally exposed to the political winds of change in the region, the mood of impotence and vulnerability is more immediately obvious.

On the personal level, there are few residents in Jordan who do not have some links with *people in Lebanon. This* applies particularly to those Palestinians here who still live in refugee camps.

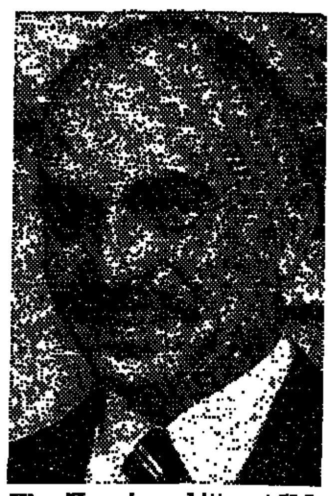
In a period of ten days the Red Cross has had to deal with at least 8,000 inquiries about the fate of relatives living in Lebanon. This has contributed to what is almost a sense of mourning, made more bitter by the impotence resulting from Jordan's previous military encounters with Israel.

Jordan lost East Jerusalem and the West Bank in the 1967 war, did not participate in the fighting of 1973, overall, but, has learned enough to realise that opening up a front with Israel would be suicidal.

Instead, Jordan had had to content itself with gestures. The Palestine Liberation Organisation was allowed to advertise for volunteers to fight in Lebanon. A contingent of the Palestine Liberation Army based in Jordan actually took part in the fighting. Those who were wounded and returned to Amman were visited in hospital by King Hussein, thus perhaps helping to head off some criticism that Jordan was making no contribution to the war.

Criticism has instead focused on the other Arabs — particularly those with close U.S. relations — and the Soviet Union. The leading Jordanian newspaper, Al-Rai, published a pointed cartoon recently which showed an obese Arab from the Gulf lying back in a deckchair with a bottle of Cognac beside him.

He was reading a newspaper called "Arabism" which had front page stores about "the Greek Arab Republic" banning



King Hussein . . . bitter at U.S. attitudes towards invasion

Israeli ships from its ports and "the Swiss Arab Republic" calling for a break in diplomatic relations with Israel.

But press criticism in cartoons and editorials has scarcely been matched by any form of diplomatic action. King Hussein is known to be extremely bitter at U.S. attitudes towards the invasion of Lebanon and has several times seen the resident U.S. Ambassador who has kept the King informed about the progress of talks aimed at resolving the crisis.

Jordan has been hardly less frustrated at EEC attempts to equate an Israel withdrawal from Lebanon with similar action by the Palestine Liberation Organisation.

King Hussein's visit to the Soviet Union last week did little to deflect accusations that Moscow's support for its friends in the region was both too little and too late. The Moscow visit, planned some time ago as a largely private initiative, resulted in rather too much time being spent on the Black Sea.

The King met some senior Government Ministers but cut short his trip when it became clear that there was not to be a session with the ailing President Leonid Brezhnev. He returned to Amman frustrated by his lack of diplomatic achievement and also disappointed that the tracked Sam-8 missiles which he had been promised by the Soviet Union were much less modern than those already delivered to Syria.

All this has served to fuel Jordan's fears of greater instability in the region should the Palestinian guerrillas be ejected from Lebanon. If the PLO was forced underground, some Jordanians suspect that it might revert to terrorism against not just Western targets but also moderate Arab states.

For Jordan this might have greater impact if part of the PLO were to set up in Syria. Relations between Jordan and Syria have deteriorated sharply over the past three years (they are on opposite sides in the Gulf war between Iraq and Iran) and there is anxiety in Amman that the Palestinian guerrillas could be used not just for cross-border attacks on Israel but also against the Jordanian regime.

In turn, this might provide Israel with the pretext for turning on King Hussein and no-one is unaware in Amman that Mr Menahem Begin, Israel's Prime Minister, has many times stated that a Palestinian state already exists in the Middle East — called Jordan.

The Israeli invasion of Lebanon has, however, only partially eclipsed Jordan's anxiety over the fate of Iraq. King Hussein has given unstinted support to President Saddam Hussein's war effort and the Iraqi defeats and subsequent withdrawals put at some risk the economic boom in Jordan promoted by Iraqi supply contracts.

More seriously still, the possible overthrow of President Saddam Hussein by Shia extremists could have an impact on Jordan's own religious fundamentalists. Although the Moslem Brothers are closely controlled in Jordan, they are thought to have a considerable informal following.

A Jordanian with detailed knowledge of the region summed up: "In the long run, Islamic fundamentalism will feed on the disasters in Lebanon and Iraq. Its supporters will ask what the so-called hardline Arab states have achieved, apart from mouthing slogans. They will argue that an Islamic *jihad* (holy war) is the only way forward. They will find many listeners and although the effects may not immediately appear, the arguments will brew and then they will be felt."

# Beirut's crippled hospitals are casualties of the Israeli's siege

BY JAMES BUCHAN IN BEIRUT

DOCTOR KHALED, a neurosurgeon born in Jaffa, Israel, but trained in East Germany, performed a craniotomy on Tuesday on the first floor of Beirut's Gaza Hospital, slept in his green theatre overalls that night and was still wearing them the next day.

Dr Khaled, who is 34, washes his overalls by hand himself, but the water comes from a well under the hospital and may well be contaminated. He does have sterile disposable gloves, but they are too valuable to be thrown away and cannot be properly sterilised unless there is a secure source of unvarying power for a specific length of time. It often seems that the Israelis, who have been tinkering with power and water since last Saturday, will not permit this.

The intensive care room, where nurses are beginning to draw fluid from the unknown patient's brain, is full of sandbags for fear of Israeli shelling from the hills to the east. The door has no glass, but Dr Khaled blocks my way. "This is the green, or rather the sterile, line," he says.

The patient has acute bleeding within the brain and has about a one in 10 chance of surviving with total paralysis of his right side.

The Gaza Hospital, which is run by the Palestinian Red Crescent Society, began operating in the southern suburb of Sabra with 11 floors and 100 beds in 1975.

Dr Khaled now has seven surgeons and 12 beds. He also has a kitchen, with which he feeds the surrounding streets where a handful of the poorest people in Beirut have remained.

The kitchen is also shared with Ramallah, now doing about one delivery a day although on June 4, the day the attack on Beirut began, three women gave premature birth in the basement, the lift and the lavatory.

Dr Khaled divides his problems into two sorts. First are those of warfare, comprising the danger to the building and the injuries caused by new Israeli weapons which have altered the "traditional" balance between death and injury from about 2:8 to 5:5. He particularly refers to the immense and extensive damage to several different organs, caused by cluster bombs.

The second problem concerns the lack of secure electricity and water although the Israelis have apparently turned on mains power. The Gaza generator cannot be relied on for, say, the maintenance of a blood bank at the required temperature of 4 degrees centigrade. His approach has therefore been to take the addresses of blood donors, and send out ambulances with loudhailers during bombardments to transfuse patients in the streets or in basements.

The lift also cannot be relied on. Often severely injured people are carried bodily down or up stairs.

Hospital staff make no distinction between soldiers and civilians, and Dr Khaled said that Gaza treated an Israeli pilot now being held by the Palestinians as a prisoner of war.

When the mental hospital was hit, 800 patients varying in condition from senile dementia to violent schizophrenia were released onto the streets of Beirut, Dr Khaled says. West Beirut has long been a barbaric place, but the Israeli siege is sending it back into the middle ages.

# Drought threat follows Indian monsoon delay

BY K. K. SHARMA IN BOMBAY

LARGE PARTS of India face a severe drought because of a two-week delay in the onset of annual monsoon rains. Meteorologists are pessimistic about the prospects for a change in the weather soon.

If the rains are delayed even until the end of the week, sowing of summer rice and other grain crops will be affected and lead to losses in production.

India has had two successive good monsoon years—on which the agricultural economy depends because of the lack of adequate irrigation facilities—in 1980 and 1981. Three good rain years are unusual. The areas so far affected by drought so far are the entire northern belt, and eastern India where part of the crop is withering because of the intense heat and lack of moisture.

The summer grain crop hoped for is nearly 80m tonnes and the drought could erode this easily unless the weather changes in the next few days. The drought comes after unseasonal rain and hail last winter destroyed at least 2m tonnes of wheat.

The Government's grain stock position at present is said to be good, largely because official procurement agencies lowered standards and bought discoloured and slightly damaged wheat from farmers which would not normally have been purchased.

As a result, present grain stocks are around 15m tonnes, which is slightly more than the 12m tonnes considered the minimum safe level for buffer stock purposes. However, the drought could mean that the Government will have to dip into the stocks to keep the public distribution system of ration shops going.

The Agriculture Ministry says that at present there are no lans to make grain imports this year but this assessment will obviously have to be revised if there is a major monsoon failure. India imported about 2.5m tonnes of wheat from the U.S. and Australia last year, the first food imports in five years.

# Angola spells out conditions for withdrawal of Cuban forces

BY MICHAEL HOLMAN IN LUANDA

THE ANGOLAN Foreign Minister, Mr Paulo Jorge, last night set out the terms on which Cuban forces would be withdrawn from his country—the issue which is regarded by the U.S. and South Africa as hte key to the success of the current Namibia settlement negotiations.

Mr Jorge stressed that the presence of the Cubans in Angola (estimated at between 15,000 and 20,000) was "a bilateral question between Angola and Cuba." He rejected any attempt to make Cuban withdrawal a precondition for a Namibian settlement.

Mr Jorge reaffirmed the importance of a paragraph on the subject contained in a joint declaration drawn up on February 4 after talks in Luanda with the Cuban Foreign Minister.

The paragraph has been interpreted by Western and African diplomats here as the firmest possible signal to hte U.S. and South Africa that once Namibia wins independence under the United Nations settlement plan, the Cubans will leave.

Mr Jorge translated the relevant section as follows: "As and when the Angolan and Cuban governments may so intend, the withdrawal of Cuban forces stationed in Angola would be carried out by sovereign decision of the Government of Angola once each and every eventuality of acts of aggression or armed invasion cease to exist.

"The Government of Cuba therefor reiterated that it shall implement without hesitation any decision adopted by the sovereign Government of Angola on the withdrawal of these same forces."

Mr Jorge was asked whether the post-settlement presence of Unita insurgents loyal to Mr Jonas Savimbi, and operating in southern and central Angola with South African support, would constitute "aggression" and thus provide grounds for a continued Cuban presence.

"I would like to point out very clearly that the presence of the Cuban forces in Angola was never related to this insurgent group, as you call them," he said. "The Angola Government is convinced that when the Namibian people achieve real independence, this insurgent group will gradually disappear.

"We are convinced that the South West Africa People's Organisation (Swapo) will win free and fair elections, and this insurgent group will have no place on Namibian territory. Unita has no popular support inside Angola."

Mr Jorge said his government did not accept any preconditions for a Namibia settlement, currently being negotiated in New York between the five-nation western contract group, Swapo, and the black front line states in southern Africa, and in parallel talks with the South African government in Washington. Mr P. W. Botha, the South African Prime Minister, has said that his government cannot accept implementation of a Namibian settlement "unless the Cubans leave" Angola.

"It is a sovereign decision of the Angola Government," Mr Jorge said, "and no-one can during these talks present this question of linkage as a precondition to work on the solution of the Namibian problem. We do not accept preconditions of any kind.

"There is also a question of the credibility of our word. What we have said in this declaration of February 4 means that when there is no possibility of aggression or invasion, the Angolan Government will take necessary steps, and this is clearly stated in the declaration."

The presence of Cuban forces in Angola goes back to the South African invasion of Angola a few weeks before independence in 1975, he said. "How is it possible to put on the same balance or scale the aggressor and the victim? Our armed forces have never crossed the border of a neighbouring country.

"The problem is that there is some kind of obsession from the U.S. on the question of Cubans. The conflict existing between he U.S. and Cuba is no concern of our."

The contact group as such, said Mr Jorge, "has never raised the question of linkage. Inside the group only the U.S. is raising the matter. The four other members do not consider any linkage between the Cuban presence and the solution of Namibia."

The so-called linkage issue was implicity raised in a document circulated last month to participants in the Namibia dispute.

The contact group document referred to an opportunity within the context of Namibia talks to "resolve other long-standing problems of the region at present hindering the development of the climate of security and mutual confidence necesary for a Namibia settlement."

# AMERICAN NEWS

**David Lascelles witnesses the death agonies of a mid-American mining town**

## 'Richest hill'—now a hole in the ground

"THE RICHEST hill on earth," as Butte once gloried in calling itself has a hollow ring these days. Though memories of the hellroarin' gold rush of the late 1800s lure thousands of tourists to this hardy town high in the Montana Rockies, the past is proving a heavy burden for the locals.

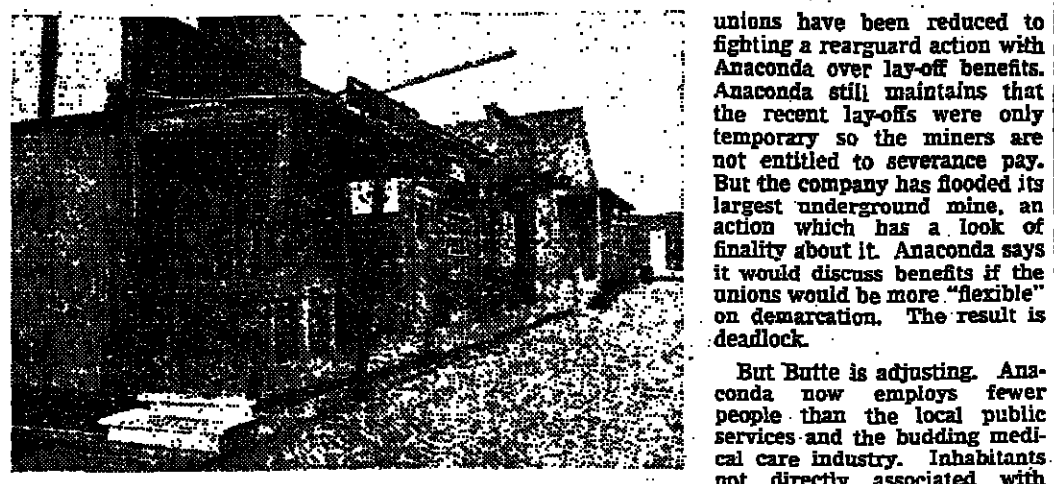
The immense copper deposit that made Butte famous and its inhabitants wealthy—some fabulously so—is today a vast and lifeless hole in the ground which collects water. Its upper terraces loom like a giant empty amphitheatre over the old neighbourhoods where streets have names like Iron, Platinum and Mercury and where Sarah Bernhardt once performed. The miners' unions, formerly so prosperous that it built itself a huge hall in the middle of town, today has a mere 61 members, and the hall has degenerated into a seedy meeting place for the unemployed.

The town itself is also showing signs of age, despite the spectacular setting right beside the Continental Divide. The old brick buildings look worn. The once magnificent marble hall of the Metals Bank on Main Street is now a dispensary for food stamps. Modern-day Butte has migrated to the bottom of the hill, as if deserting its former livelihood, and is trying to reconstitute itself round fledgling industries: medicine, distribution and energy.

The cause of this decline is obvious: the gradual working out of the deposit, along with the slump in the price of copper, has forced the Anaconda Minerals Company (which started here in the 1870s) to run down its operations and lay workers off. Today it employs fewer than 800 people compared with many thousands in its heyday. The company, which has been a part of Atlantic Richfield since 1977, lost \$65m (£37.8m) in Butte last year and expects to lose another \$26m this year.

Two years ago the company stunned Montana by deciding to close a copper smelter and refinery in two neighbouring communities in Anaconda and Great Falls and take the drastic step of shipping the ore across the Pacific for processing in Japan instead. It cited the exorbitant cost of converting the ageing plants to meet modern-day environmental standards. To cushion the shock it paid out several million dollars to the affected communities and the laid-off workers.

There is still work in Bute, however little. But with more than 10 per cent of the local labour force unemployed (compared with a national average of 9.5 per cent) the copper workers harbour much bitterness not just towards Anaconda, but the Reagan Administration and the Japanese who have won a lot of their jobs.



After the gold rush: Butte's museum preserves the hellroarin' spirit of the 1800s

The laid-off miners (another 270 joined their ranks a few weeks ago) feel squeezed between a job-destroying recession and cuts in federal aid to the disadvantaged. Although jobless miners collect \$145 a week on the dole (what they earned in a day at the mine) their prospects for re-employment are dim, at least in the near future.

Other local industries like forestry are having a hard time, the world's largest silver and lead mines up the road in Idaho have just shut down, and government funding for retraining has been cut back. Butte miners seeking jobs in other states also find themselves tarred with the brush of union militancy for which Montana is famous.

"We'd have done better to be laid off five years ago," complained one of them. Ironically, the junior workers who were laid off in the 1970s found it easier to get new jobs.

Unable to preserve work, the unions have been reduced to fighting a rearguard action with Anaconda over lay-off benefits. Anaconda still maintains that the recent lay-offs were only temporary so the miners are not entitled to severance pay. But the company has flooded its largest underground mine, an action which has a look of finality about it. Anaconda says it would discuss benefits if the unions would be more "flexible" on demarcation. The result is deadlock.

But Butte is adjusting. Anaconda now employs fewer people than the local public services and the budding medical care industry. Inhabitants not directly associated with mining take the sanguine view that Butte is suffering the painful but necessary death agonies of a one-company town. Its rich history should be capitalised on for tourism, not clung to grimly.

Even as the miners shudder with shock of change, something new is growing in their midst. A government-funded energy project was located in Butte to research magnetohydrodynamics (MHD)—a way of generating cheap electricity by passing coal gases through a magnet. An important coal-producing state, Montana could find itself at the forefront of the new technology.

## Reagan may call 60-day 'cooling-off' in rail row

By Reginald Dale, U.S. Editor, in Washington

**PRESIDENT Ronald Reagan is likely to order a 60-day cooling-off period to avert the threat of a crippling nationwide U.S. rail strike, administration officials indicated yesterday.**

**Both labour and management have said they would welcome a Presidential move to head off the strike, set for Sunday, although it would go against the Reagan administration's policy of non-intervention in private labour disputes.**

**In addition to the cooling-off period, Mr Reagan has the power to set up an emergency board to make recommendations for a settlement in the dispute between the private, mainly freight-carrying railroad companies, and 35,000 drivers, firemen and train crews.**

**The union involved, the Brotherhood of Locomotive Engineers, has been offered the same basic terms, a 25-30 per cent wage increase over 39 months, for which 11 other rail unions have already settled.**

**But there is a dispute over whether cost-of-living increases should apply to the special paymetns that drivers receive after the first 100 miles, or eight hours in the cab, and other manning proposals.**

## Argentina gears up for Falklands diplomatic offensive

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA is gearing up for a major diplomatic offensive aimed at recovering international support for its claims over the Falklands.

In public, the new Government of Gen Reynaldo Bignone has ruled out, implicitly rather than explicitly, a new military adventure. However, it remains under intense political pressure, particularly from sectors within the armed forces, to keep up the momentum.

Given the current divided state of the armed forces, there is concern in diplomatic circles that a "populist" military officer might emerge demanding a more drastic solution.

Argentine officials are generally agreed on the pressing need to obviate the British diplomatic footdragging which characterised negotiations prior to the April 2 invasion.

Gen Bignone is on record as making Argentina's sovereignty claim over the islands a "priority of foreign policy." His Government wants to show results, if possible, well before the current period of military rule ends in 1984.

Given Argentina's continued scepticism of London's willingness to negotiate, the main diplomatic thrust in the coming weeks will be on two main fronts:

● To involve the U.S.: The exit of Mr Alexander Haig as U.S. Secretary of State and President Galtieri of Argentina have led to a tentative attempt at bridge-rebuilding.

U.S. diplomats fear that a "dialogue of the deaf" as between Britain and Argentina could eventually provoke a bloody second round in the Falklands. Buenos Aires, meanwhile, is banking on President Ronald Reagan's influence on a currently inflexible Mrs Margaret Thatcher.

Indications of the U.S.-Argentine rapprochement came early this week in a letter from Gen Bignone to Mr Reagan which expressed the hope that the lifting of U.S. sanctions could lead to the normalisation of relations.

● At the UN: Buenos Aires still believes that this international forum is the one that most adequately frames her claims over the islands.

The new Argentine Foreign Minister, Sr Juan Aguirre Lanari, plans to go to New York in September. Before then, Argentina will try to strengthen its support among Third World countries.

A top-level diplomatic mission led by Sr Raul Quijano, Argentina's Ambassador to the Organisation of American States, left this week for Mexico and Venezuela.

Gen Bignone, meanwhile, has indicated that he might personally attend the upcoming meeting of the Non-Aligned Movement in Baghdad.

The release yesterday of the last British prisoner of war, Flt-Lt Jeffrey Glover, is the most practical indication, since the release of the three British journalists accused of spying, that Argentina considers that there is a *de facto* cessation of hostilities in the South Atlantic.

## Chile loans mark change in borrowing pattern

BY MARY HELEN SPOONER IN SANTIAGO

CHILE'S recent agreement with the International Monetary Fund to borrow roughly \$1bn (£550m) along with its efforts to raise additional loans from international lending institutions marks a change in its previous foreign borrowing pattern, in which the Government sought to reduce its share of the country's external debt.

At the end of last year Chile's foreign debt stood at \$12.7bn, with more than half of this consisting of private sector borrowing.

A few months ago, the Chilean central bank announced Chile would repay its outstanding obligations to the IMF before the end of this year, and that the Chilean peso's relative stability had prompted the IMF to include it in its basket of 17 international currencies.

Last month, however, the Chilean peso was devalued from 39 to 46 to the dollar, interrupting three years' fixed exchange rate.

Shortly after the announced devaluation, Chile's Finance and Economy Minister, budget director, and Central Bank president travelled to Washington to meet officials of the IMF, the World Bank and the Inter-American Development Bank, to explain the reasons behind the devaluation and to seek new credit.

Sr Sergio de la Cuadra, the Finance Minister, said only \$400m of the \$1bn IMF credit would be expended, and that in no case would funds from these new public loans go to either the private sector or state enterprises seeking external financing.

## U.S. will not sign Law of Sea treaty

By Our U.S. Editor in Washington

PRESIDENT Ronald Reagan has finally decided that the U.S. will not sign the International Law of the Sea Treaty, adopted by 130 countries earlier this year, the White House said yesterday.

The decision, which has been communicated to Washington's main Western allies, was not unexpected, as the U.S. was one of only four countries to vote against the treaty at the end of April.

It will nevertheless upset Third World countries, which see the treaty as a major instrument for distributing the world's economic resources in a way that gives pooer nations a fair share.

## Concern over military build-up in Nicaragua

BY OUR MANAGUA CORRESPONDENT

A MEETING in El Salvador of the four Foreign Ministers from Costa Rica, El Salvador, Guatemala and Honduras has concluded with a statement expressing concern over a military build-up in Nicaragua and urging it "not to meddle in the affairs of its neighbours."

The meeting, to which the Foreign Ministers of Nicaragua and Panama were not invited, was criticised in Managua as being part of a plan to revive a joint military force in the region to act in concert to suppress the growing liberation movements in the Isthmus, and possibly to be used against Nicaragua itself.

The Foreign Ministers' statement comes on the heels of what appears to be a major escalation of fighting in the region after 2,000 Honduran troops were reported to have crossed the El Salvador border

This joint operation with the El Salvadoran army was directed against FMLN guerrillas,

A Defence Ministry official in Managua yesterday announced the loss of 11 Nicaraguan soldiers in its northeast border region with Honduras in fighting which has been going on since Sunday and is apparently still in progress.

A large unit of "counter-revolutionaries" who camped across the border in Honduras are apparently attempting to divert attention from celebrations due to be held to mark the overthow of President Anastasio Somoza

## New accounting system delayed at least a year

By Anatole Kaletsky in Philadelphia

**THE NEW system of bank reserve accounting agreed in principle last week by the U.S. Federal Reserve Board will not be introduced for at least a year and possibly longer, Mr Paul Volcker, the Fed chairman, has decided. Because of complications in introducing it, the system will not start "before next July," he added.**

**When the new "contemporaneous Reserve Accounting" system was approved last week, Fed officials indicated that it was unlikely to come into effect until May, 1983.**

## Savings bank go-ahead

BY OUR NEW YORK STAFF

THE SLOW erosion of U.S. bank regulation continued this week with the approval by the Securities and Exchange Commission of a plan to allow savings banks to go into the stockbroking business.

At the moment, banks are barred from many activities traditionally handled on Wall Street. However, the banking industry is pressing hard to expand its ground.

The SEC decided to raise no objection to a plan put forward by 28 Savings and Loan institutions to offer stockbroking services through more than 1,000 branches nationwide.

However, the SEC did not address the issues raised by banking law which are the province of the bank regulators who could still block the plan. The Securities Industry Association, which represents Wall Street's interest and is bitterly resisting all encroachment, said it was "disappointed" by the SEC's action.

# WORLD TRADE NEWS

## Discord on conditions hits export credits Consensus

BY GILES MERRITT IN BRUSSELS

AN OVERWHELMING majority of the EEC's partners in the 22-nation OECD exports credit Consensus has refused to accept one of the conditions the Community attached to renewal of the credits pact until May 1 next year.

The point of disagreement is not expected to threaten the Consensus. It concerns conditions being sought by the EEC on behalf of Greece and Ireland that would have enabled them to receive credits on the same terms as some developing nations.

In a meeting in Brussels between representatives of the Consensus signatories, all the EEC's 12 partners in the pact except Portugal rejected the Community demand that Greece and Ireland be given special transitional status, so that they *would be classified as developed* Category 1 countries but accorded the lower rates that obtained under the previous Consensus accord until it expired last month.

The strong view of the Consensus countries was that, to allow special status to the two poorest EEC member states would result in a stream of applications from other borderline countries covered by the exports credits agreements that might destabilise the OECD pact.

The European Commission has, therefore, been directed to inform both governments that *the modification, which was* urged principally by Greece, is unacceptable.

Although the Greek Government could imperil the credit pacts future by persisting in its demand, Brussels experts believe that with an estimated advantage to the Greek economy of only \$600,000 (£333,333) a year involved, it is unlikely that Greece would wish to force a confrontation with EEC partners who are generally relieved that the pact has been renewed and a possible export credit "war" with the U.S. and Japan averted.

The special terms for Greece *and Ireland were only a* secondary element in the modifications to the Consensus that EEC member states have insisted on.

Providing Greece and Ireland do not make the surprise move of contesting the OECD partners demands, the uncertainty that has marked attempts to renew the Consensus now appears to be at an end.

## Portugal expects to double Mozambique trade

BY DIANA SMITH IN LISBON

PORTUGAL expects to double its trade with its former colony Mozambique this year compared with last year when it exported Esc 2bn (£13.7m) and imported Esc 750m. In the first quarter of 1982, exports were Esc 750m and imports Esc 200m.

The Bank of Portugal opened a credit line to Mozambique two years ago for purchase of goods and services. It was worth \$125m. and has now been expanded with a special provision of Esc 1bn to pay for the hire of Portuguese contract workers in Mozambique.

While Portugal buys cotton, sisal, tea and wood from Mozambique, the majority of its sales there are manufactured goods. The recent visit of Sr Francisco Balsemao, the Portuguese premier, to Mozambique should give another boost to trade, as he took a party of industrialists with him.

● The Portuguese Parliament has authorised the government to enrol the country in the African Development Fund. Portugal's initial annual contribution will be \$16m with another \$10m to be paid in subsequent years.

● Portugal and France are setting up a joint committee to foster co-operation in the domain of military industries. The ground work was laid during the three-day visit to Lisbon of M Charles Hernu, the French Defence Minister.

## Disarray in Japan over U.S. sanctions

By Richard C. Hanson in Tokyo

**DISARRAY IN the Japanese Government has surfaced over how to react to the U.S. decision on stepping up economic sanctions against the Soviet Union.**

**The Foreign Ministry yesterday denied that Japan had decided not to comply with the U.S. sanctions, which would ban the export of oil and gas equipment made in Japan under licence to U.S. companies or by subsidiaries of U.S. groups.**

**The Japanese Government is not considering a joint response with the EEC over the sanctions, the Foreign Ministry said. The EEC has vigorously opposed U.S. policy.**

**The Foreign Ministry considers that the Siberia-West Europe gas pipeline project, of interest to EEC companies, is completely different from the Sakhalin gas project, offshore Siberia, of interest to Japan and underway for several years. So far it has been exempted from sanctions.**

**But Mr Toshio Komoto, director general of the Economic Planning Agency, yesterday was quoted as saying that Japan should "keep in step" with the EEC over sanctions.**

**The Ministry of International Trade and Industry objects to sanctions affecting U.S.-licensed production or manufacture in Japan by U.S. subsidiaries, but not necessarily the aim of the sanctions. There should be "closer linkage" in action between the U.S. and Japan, one official said.**

**Officially the Japanese Government is still "studying" how the U.S. sanctions would apply in specific instances.**

**On June 22, the Government, in letters to the U.S. Secretaries of State and Commerce, asked for the decision to include the Sakhalin oil and gas exploration project offshore Siberia in the sanctions to be reversed.**

**The U.S. has refused to allow the export of sophisticated drilling and exploration equipment needed by the project. But Japan has so far received no reply to its letter.**

## St Michael and the crusade for overseas sales outlets

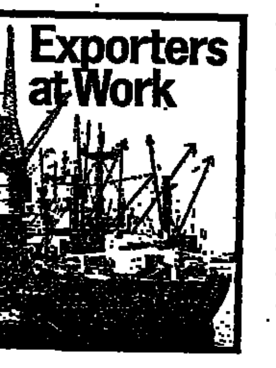
BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

FOR EIGHT weeks, potential buyers from more than 30 countries have been visiting a specially designed showroom at the Marks and Spencer headquarters in London. There, displayed before them was the Marks autumn-winter range of clothing—a complete wardrobe from overcoat to ruffle neck blouse.

The extensive range of merchandise Marks needs for its UK stores is all available for export. "Our export customers have access to all of that," says Mr Gordon Adam, the group's export executive.

"We don't use export as a means of disposing of problem lines—the ends of ranges. We aim to export our best," he observes. But, he adds, "It's almost always the case that fast-selling items here are fast-selling items for all our customers."

In most overseas markets





Marks can manage by selling assortments from the range conceived primarily for domestic sales. But it does not always work. Brassieres are made for sale in the Far East that are not put on sale in the UK, for Japanese and Chinese buyers shirts need shorter arms and it is necessary to change sock sizes for Norway.

Marks, though, is rather like an export trading house. Because it has no manufacturing capacity of its own, it is the outlet for a large number of often relatively small factories which make up the list of its own suppliers.

Yet exports as a proportion of total turnover are not large. Total exports in the year to last March rose by a half over the previous year to a total of £58m out of group sales everywhere of £2.2bn. Within that £58m, sales to the group's own stores abroad accounted for £31.5m and exports out-of-house came to £26.5m.

The biggest markets are Hong Kong, where last year Marks opened a company to provide better Far East sales service, Japan, Israel, the Channel Islands, Norway and Panama, which is used as a wholesaling point for the whole of South America.

The opening of the Hong Kong office provides the clue for future out-of-house exporting strategy. The priority area, according to Mr Adam is the Far East, although there is also scope for additional sales in Scandinavia, Israel, the Caribbean and South America.

There are three main selling techniques. The first is to grant the St Michael brand name franchise to freestanding sales outlets.

The second is to establish shops within shops that sell the St Michael marque exclusively. This is often used in Finland and in Japan, where Marks goods are sold within the Daiei department store chain.

The last is to sell directly to selected retailers or to market through a wholesaler, as is done in the case of underwear sales in Finland.

Mr Adam says "our policy is not to export to a country where we already have stores—that's France, Ireland, Canada and Holland."

These stores have been developed over the last decade. A sixth store opens in France during the autumn, at Lille, and next year Marks opens in Antwerp, Belgium.

"I would think that in the foreseeable future most of our energy will be spent developing the chain of stores in France," says Mr Adam.

**MARKS AND SPENCER EXPORTS**

Calendar 1981—%

| | |
|---|---|
| Ladies' outerwear | 20 |
| Lingerie | 22 |
| Ladies' knitwear | 10 |
| Children's wear | 10 |
| Menswear | 20 |
| Food | 10 |
| Rest—home furnishings, footwear, toiletries | 8 |
| | 100 |

## Malta textiles accord concluded

BY GODFREY GRIMA IN VALETTA

AN ACCORD covering textile exports by Malta to the EEC for the next two years has been concluded in Brussels, the Malta Government announced yesterday.

The agreement, according to Dr Alex Sciberras Trigona, the Trade Minister, was more advantageous than previous accords. The list of textile products subject to quotas has been cut and quotas, in certain cases, substantially improved.

The Minister urged Maltese industrialists to make the best of the new arrangements.

The deal gives Malta an export quota of 2,130 tonnes of cotton yarn to the EEC and another 275 tonnes to Britain for the current year, an improvement of 57 tonnes over last year's figure.

Next year, the EEC quota will rise to 2,180 tonnes and that to Britain to 325 tonnes.

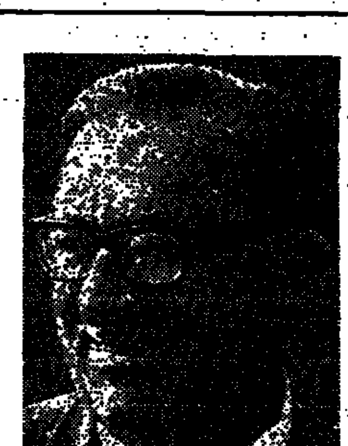
Quota restrictions for the export of cotton fabrics by Malta to the EEC and Britain have been lifted, although licensing controls will remain in force.

The EEC has also lifted quota restrictions covering the export of Malta-made tee shirts. Last year Malta shipped 2.2m tee shirts to the EEC and another 435,000 to Britain.

This year Malta will be able to ship 445,000 tee shirts to the UK with the figure next year growing to 455,000.

● Malta's 15-day International Trade Fair, which was to open July 10, has been postponed indefinitely according to a Fair Corporation Council statement

The decision follows a threat by Mr Dom Mintoff's Government to withhold exhibition permits unless exhibitors decided to advertise the event on the island's state run television



● Dom Mintoff (right): government is pleased

## U.S. urges fresh round of trade negotiations

BY BRIJ KHINDARIA IN GENEVA

THE U.S. has called for a new round of trade negotiations going beyond the previous Tokyo Round to deal particularly with the problems between poor and rich countries.

In a speech to the UN Economic and Social Council (Ecosoc), Mr Jose Sorzano, U.S. chief delegate, said the U.S. wants to explore "the possibility of a major round of trade negotiations between developed and developing countries aimed at further liberalising trade and improving market access."

The ministerial meeting next *November of the General* Agreement on Tariffs and Trade (Gatt) would be "an important opportunity to initiate positive steps towards this vital end.

His remarks emphasised what the U.S. is seeking from the November conference, which should set guidelines for trade negotiations for the rest of the decade.

The last such conference was held in 1972 and started the Tokyo Round. Ecosoc is the UN body which monitors the work of some 50 UN agencies with a total annual budget of \$2bn (£1.1bn).

The round of trade negotiations would deal with the many issues still unresolved by the previous Kennedy and Tokyo Rounds. Among the most important issues are regulation of the right of industrialised countries to curb imports from the Third World to protect ailing home industries.

The U.S. wants more recognition from developing nations that they should reduce export subsidies and protectionist barriers against Western goods as their economies become healthier and some industries more prosperous.

## Thai Airways signs £40.5m SAS contract

By Our Stockholm Correspondent

THAI AIRWAYS International of Bangkok has signed a DKr 600m (£40.5m) contract with Scandinavian Airline System (SAS) and two Danish companies, Ramboll Hannemann, Raadgivende Ingeniorer and Christiani Nielsen.

The contract covers planning and construction of a plant at Bangkok International Airport for aircraft servicing.

The project is to be completed within 36 months.

According to the agreement, SAS will act as technical consultants to Thai and providing know-how

AP-DJ adds: Norsk Data, an independent Norwegian computer company, hopes to win a large contract from China this autumn.

Norsk Data is making a list of potential partners for a possible venture to market the company's software in computer typesetting

### Project postponed

Argentina, facing economic problems after the Falklands conflict with Britain, has indefinitely postponed a \$200m expansion project at its state-run Somisa steel mill, Japanese officials said yesterday, Reuter reports from Tokyo.

# They won't catch Ford making comparisons.

Many thanks to the competition (no names mentioned), for their support and assistance over the years in helping to sell our cars.

Every time they advertise one of theirs, they cite one of ours as the principal rival.

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Because at the end of the day, money for money, feature for feature, and car for car, they consider that nothing on four wheels compares with them. And that they are the finest value-for-money cars around today.

And to make sure they stay that way, we continually appraise and improve their design and specification to keep them just that one, infuriating jump ahead. Indeed recently, as you may recall, we even lowered lots of their prices just to make sure.

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Over 90 at the last count. But the five we've selected here are a pretty convincing representation.

There's the fabulous new special edition Crusader which is the best priced, best selling, special edition Cortina ever.

The Capri 2.8 Injection. Our sports car if you like and the fastest car £8,125†† can buy. (130mph top speed**).

And of course, the remarkable Escort. (Also available with the new economy engine.)

Car of the year when it was launched. Simply the most efficient, practical, and let's not forget, stylish example of contemporary motoring.

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Needless to say, Ford resale values also remain consistently ahead of the competition.

So there we have it; a cross section of the most comprehensive, successful car range in Britain today.

That's why Ford really does give you more.

It must make our competitors very cross to be reminded of them.

When all they can make is comparisons.

While we make all the Fords.

FIESTA 1.1L

Nothing in its class compares to the 1.1 economy engined Fiesta.

ESCORT XR3

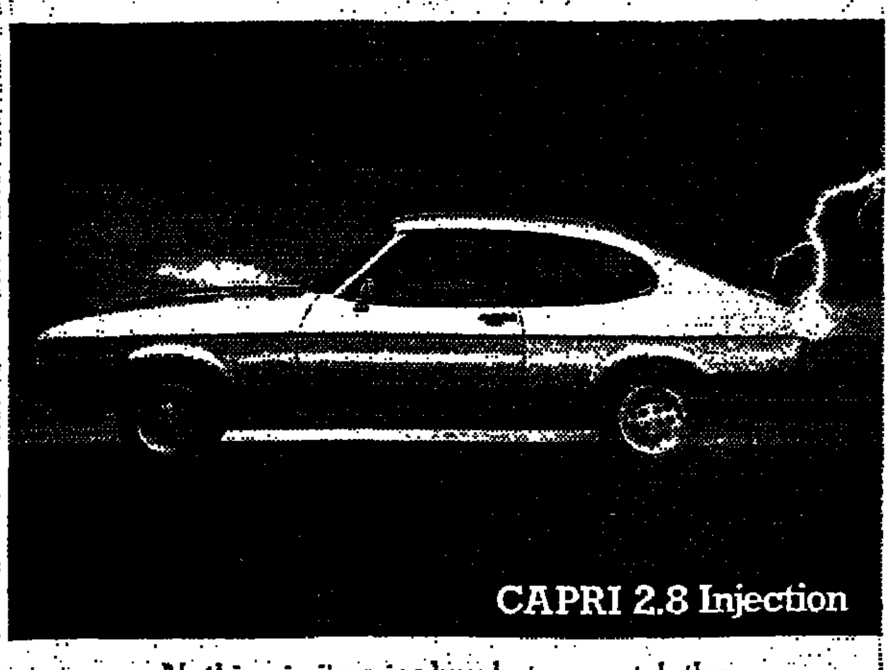
Nothing in its class compares to the Escort – the world's best selling car in 1981.

CORTINA CRUSADER

There's nothing to touch the best-selling Cortina Crusader.

GRANADA 2.8i Ghia X

Nothing comes near the incredibly well-equipped Granada 2.8i Ghia X.



CAPRI 2.8 Injection

Nothing in its price bracket can catch the Capri 2.8 Injection.

**Ford gives you more.**

Ford

*Government test figures. Fiesta 1.1 Economy: Miles per gallon (litres/100km): Constant 56 mph 55.4 (5.1), constant 75 mph 39.2 (7.2), simulated urban driving 38.7 (7.3). †2.8i Granada Ghia X Saloon (Automatic) £11,995. ††2.8 Injection Capri in solid colour £8,125. Prices correct at time of going to press. Seat belts, car tax and VAT included. Delivery and number plates at extra cost. **Motor road test estimate.

# BA delays publication of accounts and report

By Michael Donne, Defence Correspondent

BRITISH AIRWAYS is delaying the publication of its report and accounts for 1981-82 until early October. Normally, the report is made public in July or August.

The airline will not comment officially on the reasons for this delay but it is believed that one factor may be the desire of Sir John King, chairman, to ensure that all the costs of the recent voluntary redundancy programme, in which about 9,000 staff left the airline, are included.

It is still the Government's intention to achieve privatisation of the airline before the next general election. A September 1983 target date is believed to have been set for the sale of shares to the public. The precise amount has not been settled.

In 1980-81, the airline incurred a loss after tax of £145m. The loss for 1981-82 is likely to be considerably greater, for several reasons.

One is the redundancy payments, which are believed to exceed £120m.

Another is that interest payments on new equipment, which last year were running at £73m, will be much higher. This is because of the heavy burden of financing the fleet of 17 Boeing 757s, now in full production with deliveries due to start early next year.

Also, the operational loss, which topped £95m in 1980-81, is likely to be higher. This results from the continuing air travel recession, the air traffic controllers' dispute last year, and other industrial disputes which hit the airline severely.

The loss in 1981-82 seems likely to amount to not less than about £300m and may be considerably higher.

BA has been making strenuous efforts in recent months to put its house in order, with further staff cuts, route cuts, aircraft sales, reorganisation of the operating division and property disposals.

The labour force is now down to about 42,000. Many believe that it must be reduced further, to about 35,000, before the airline can expect to start earning profits.

Further substantial changes are likely throughout 1982, with some further cuts in unprofitable routes the most likely developments.

# BNOC announces big North Sea discovery

BY RAY DAFTER, ENERGY EDITOR

BRITISH NATIONAL Oil Corporation has named a new North Sea oil discovery—the Don Field—as a prelude to a development programme costing hundreds of millions of pounds.

The field is next to BNOC's Thistle Field, in the north-east corner of block 211/18, about 130 miles north-east of the Shetland Islands. It is estimated that the discovery contains between 80m and 120 barrels of recoverable oil reserves.

BNOC said last night that it was now evaluating possible methods of developing the field. Production methods under consideration are thought likely to include the installation of a fixed steel platform or a purpose-built floating platform.

However, it is likely to be many months before BNOC and its partners are in a position to submit a formal development plan to the Department of Energy. The field, formerly known as "Area 13" has been named in line with the oil corporation's policy of choosing the names of British rivers — like Clyde—for its discoveries.

Partners in the Don venture also include Santa Fe Minerals (UK), Deminex UK Oil and Gas, Tricentrol Exploration UK and Charterhouse Petroleum Development.

The partnership is currently using the semi-submersible drilling rig Bendoran to test another oil discovery in the south of block 211/18, one of the heavily-drilled concessions in the North Sea.

● A hint that another small North Sea field — the Buchan discovery — could be twice as productive as previously thought was given yesterday by Goal Petroleum, one of the partners in the venture.

The field, 100 miles north-east of Aberdeen, has proven recoverable reserves of 50m barrels, according to the operator, British Petoleum. But petroleum consultants Gaffney, Cline and Associates — commissioned by Goal Petroleum — estimate that the field contains 55.5m barrels of recoverable oil.

The consultants add that it is possible that eventually as much as 111.9m barrels could be recovered. They believe that a total of 493m barrels could be trapped in Buchan's reservoir rock.

Publication of the new Buchan reserve estimates coincided with an announcement that Goal Petroleum is to seek a full public listing on the Stock Exchange and is to raise about £5.5m through a rights issue.

Mr David Boyd, managing director, said the money would be used for further exploration and evaluation drilling.

Company Report, Page 20

# Masefield wants 20% fares cut

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

SIR PETER MASEFIELD London Transport's outgoing chairman, wants bus and underground fares cut by 20 per cent and held at that level for at least a year.

To cut fares, Sir Peter said, LT must achieve increased efficiencies and be guaranteed a public subsidy of £340m a year, to be maintained in real terms for at least five years.

The new subsidy, he added, should cover 41 per cent of costs and be met half by central government and half by ratepayers. This implies a return to the subsidy level before Greater London Council's cheap fares policy was introduced last October.

Sir Peter's statements were made on publication of the report and accounts of LT for 1981.

The final LT deficit for 1981 was £64.7m after payment of grants by the GLC of £162.2m. The figure compared with the original budget forecast for the year of £17.2m deficit, and with a surplus of £1.1m in 1980.

After nearly three months of the cheap fares policy followed by the 96 per cent increase in fares on March 21 as a result of the Law Lords' judgment, LT is operating closely to its revised budget.

Sir Peter, who will be succeeded as chairman by Dr Keith Bright on September 1, said yesterday that "current lack of stability of policy is profoundly unsatisfactory.

SUMMARY OF FARES, PASSENGERS AND REVENUE 1981-82

| Date | Fares | Pasengers | Revenue | Ratepayers' contribution in a full year | Total grants as a proportion of total expenditure |
|---|---|---|---|---|---|
| October 4 1981 | down 32% up 96% up 33% | up by 10% —from 5½ to 6 million a day | down by 25% | up by £125 million | up from 29% to 54% |
| March 21 1982 | | down by 18% —from 6 to 5 million a day | up by 65% | down by £206 million | down from 54% to 27% |
| Total effects | | down by 6½% —from 5½ to 5 million a day | up by 23% | down by £81 million | down from 29% to 27% |

Only 27 per cent of total expenditure is now covered by grants. London Transport receives a lower rate of subsidy than almost any other major urban transport undertaking in the world.



# Australian initiative on carrier sale irks Nott

By Bridget Bloom, Defence Correspondent

THE AUSTRALIAN Government's decision to send its Defence Minister and a high-powered team of defence officials to London to discuss the future of the aircraft-carrier HMS Invincible has considerably embarrassed the British Government.

Mr Ian Sinclair and his officials, including Mr W. B. Pritchett, Secretary of the Defence Department, and Vice-Admiral David Leach, Chief of Naval Staff, had preliminary meetings with Mr John Nott, the British Defence Secretary nd his officials at the Defence Ministry in London yesterday. They will meet again next week.

But Mr Nott is embarrassed at Mr Sinclair's arrival so soon after the end of the Falklands conflict to press Australia's case for its purchase of the Invincible, which was agreed before the ship was called on to play a crucial role in the British task force in the South Atlantic.

The Government had hoped that the controversy over the sale of the ship would be allowed to subside during the summer—then the Government could take up the Australian offer, made during the conflict, to reconsider the sale.

Britain agreed in February that Australia would buy the vessel for the knockdown price of £175m, but would not take delivery until 1983, when the second carrier of the same class, HMS Illustrious, would have entered service.

The sale was agreed as part of the defence cuts last year, but, as the Falklands crisis wore on and Invincible's key role became obvious, the sale seemed less politically tenable.

But on his arrival in London yesterday, Mr Sinclair said that Australia still "wants to buy HMS Invincible." Without it, Australia would have a serious gap in its defences, Mr Sinclair said.

The iron is that Mr Nott would still like to sell Invincible, as the lesser of several evils in his efforts to curb defence spending. Australia's current stand is likely so to exacerbate feeling among the Right of the Conservative Party, and in the naval lobby, as to dash Mr Nott's few hopes of a sale.

# Private funds for Seawolf

By Lynton McLain

British Aerospace Dynamics group is to develop a vertical launch version of its Seawolf anti-missile and anti-aircraft missile as a private venture.

The decision was announced by the group yesterday five months after Mr John Nott, the Defence Secretary, gave the go-ahead for Marconi to develop a lightweight radar with improved anti-missile characteristics for use with Seawolf.

It was understood in February when Mr Nott made his statement that British Aerospace Dynamics group would develop a vertical launch system of the Seawolf system to go with the Marconi lightweight radar.

BAe unveiled it first in April at the International Naval Technology Exhibition in Maastricht but yesterday was the first time the company said the development was not funded at all by the Ministry of Defence.

The total value of contracts for the lightweight Seawolf system would come to £75m, Mr Nott said in a House of Commons written answer in February. The bulk of this is likely to go to Marconi, with British Aerospace making the missiles.

Separate funding would be needed for the vertical launch system if the MoD decides it wants to use this on future warships designs in the light of experience in the Falkland Islands.

British Aerospace said vertical launch will take Seawolf effectively into the 21st century.

# Tetra Pak might open second plant

By Maurice Samuelson

TETRA PAK, the international packaging group owned by the Rausing family of Sweden, might open a second factory in Britain to keep up with the rapid growth in UK sales of juices and milk products in cartons.

The plant would make reels of laminated material, supplied to drink-makers to be formed and filled on the premises. Tetra Pak's existing plant at Wrexham, Clywd, is expected to reach full capacity in about a year. Opened three years ago, it has doubled in capacity and involved investment of £22m.

Mr Olle Andersson, the manager at Wrexham, said yesterday a new plant was needed.

# Invisible earnings rise 13% in 1981 to record £26.47bn

BY ROBIN PAULEY

BRITAIN'S increased investments overseas produced a record £26.47bn in UK invisible earnings in 1981—a 13 per cent increase over 1980 in spite of increased competition from abroad.

Sir Francis Sandilands, chairman of the Committee on Invisible Exports, says in its annual report published yesterday that the investments would help to counter the depressing impact on the UK invisibles account of the outflow of income from foreign investment in North Sea oil developments.

Following the abolition of foreign exchange controls, receipts of interest, profits and dividends from UK private sector investments abroad accounted for the greater part of the invisible earnings growth in 1981. They totalled £9.2bn, a rise of £1.9bn or 26 per cent over 1980.

Britain's service industries continued to make a substantial contribution to the balance of payments with earnings of £16.4bn in 1981, an increase of more than £1bn.

Financial services increased their earnings for the year by 17 per cent to £272m to a total of £1.8bn, and the insurance sector may have contributed more than a third of the improvement.

The earnings of UK banks from their overseas borrowing and lending in foreign currencies increased by £660m to £1.01bn—nearly three times the 1980 figure—while earnings on sterling lending abroad rose strongly and more than offset the effect of interest rate changes. Overseas income earned by UK oil companies dropped 10 per cent due to depressed markets, but non-oil companies' direct investment earnings increased by around 26 per cent.

Increasing world competition includes new banking facilities in the U.S. to new insurance market developments in Bermuda, New York and Singapore. London has responded to these developments by, for example, developing new futures markets which will increase the City's attractions for international business, Sir Francis says.

# Productivity gains questioned

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE underlying improvement of British industrial productivity, which started in 1980, continued through last year—but the gains may be more modest than they appeared, says a research study published today.

The study, by Oxford Economic Research Associates, warns that some of the gains made in the recession might disappear when output starts to recover.

Official figures suggest that output per person increased by about 10 per cent between the fourth quarter of 1980 and the fourth quarter of 1981. There has been considerable debate in the Treasury and the Bank of England about whether the improvement represents a fundamental shift in attitudes and work practices, or whether it represents only the normal increase expected when output recovers.

Most commentators are now agreed that the rise in productivity during 1980, when output was still falling rapidly, would not have been predicted from past trends. Productivity usually falls as lower demand reduces the workload of factories. During the recovery, higher output can at first be produced without adding to the labour force, hence productivity typically increases.

The Oxford group has looked in detail at the productivity of several different industries, which it says, shows different patterns.

It says that most of the larger companies in the UK have attempted simultaneously to reduce manpower, to rationalise and to change techniques. However, in the heavy manufacturing sector, the lay-offs have not necessarily been accompanied by the introduction of new production techniques.

Overall, it says, performance has been better than would have been predicted on the basis of what happened before the second half of 1979. "While real gains have not been of the magnitude some commentators have claimed, there has nevertheless been a moderate improvement," the report says.

However, it says that the Government's view — that industry has become "leaner and fitter" — should be regarded with caution. The group believes that one explanation for the improved trend in productivity might be that the recession was so severe that the more inefficient companies have gone out of business or have been taken over. It argues, though, that this may have left Britain short of the capacity which will be needed in some sectors when activity recovers.

The recovery phase could therefore result in constraints on capacity, with consequent pressure for higher wages as well as the creation of new firms with lower productivity.

*Productivity: Is there a new realism? Oxford Economic Research Associates, West End Farm, Aston, Oxford.*

# Hill Samuel to investigate embargo-breaking claim

BY CHARLES BATCHELOR

HILL SAMUEL, the merchant banking group, is to investigate a claim from anti-apartheid campaigners that one of its subsidiaries broke an Arab embargo on oil shipments to South Africa.

Sir Robert Clark, the chairman, agreed at yesterday's annual shareholders' meeting to a request from the Church-backed End Loans to South Africa to the investigation.

ELTSA said Wallem and Company of Hong Kong, which became a fully-owned Hill Samuel subsidiary in December, had managed two vessels, the Salem and the Albahaa B, which had broken the Arab embargo.

The group would be writing to the governments concerned to inform them of these charges, said the Rev David Haslam, ELTSA secretary.

The Salem was scuttled off the West African coast after secretly off-loading the bulk of its 196,000 tonne cargo of crude oil in South Africa. The oil belonged to Shell International Petroleum.

The Hill Samuel board told shareholders that the company managing a ship had no control over its destination or the cargo.

Sir Robert told ELTSA questioners that Hill Samuel was not prepared to issue instructions that Wallem should not allow vessels under its management to make oil deliveries to South Africa.

He also refused a request to reveal the bank's loans to South Africa

# NatWest offers bonus to monthly savers

NATIONAL Westminster Bank is launching a monthly savings account today which offers a bonus payment over ordinary bank deposit rates.

The move reflects the continuing competition between the High Street banks and the building societies

Under the new scheme, personal customers who deposit a regular monthly sum of between £10 and £500 will be paid a basic interest rate which is the same as the seven-day deposit rate—currently 9.5 per cent—with an additional bonus, initially 2 per cent.

Interest will be paid half-yearly in June and December and savers will be allowed one withdrawal and one missed payment during each six-month period.

# Merchant shipping contributes £1bn to balance of payments

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE BRITISH merchant fleet contributed over £1bn to the UK balance of payments last year, but the figure was slightly down on that for 1980.

Announcing the figures, Mr Malise Nicolson, president of the General Council of British Shipping, said the Merchant Navy's value to the nation had been demonstrated by the Falklands crisis.

"Now its economic value is shown in these latest balance of payments figures," he added. The size of the fleet has been falling sharply in recent years and the GCBS is pushing for special investment allowances to check this trend.

The balance of payments contribution from the fleet was £1.14bn aginst £1.15bn the year before. Gross export earnings were up to £2.33bn from £2.24bn before deducting such items as fuel costs, port dues, and cargo-handling charges.

Mr Nicolson said there was also a saving of £449m gross from the transport of imports and UK passengers in British ships. This money might otherwise have had to be paid in foreign currency to foreign shipowners. The gross figure does not take account of money foreign owners spend in Britain on port and other costs.

The GCBS has made clear both during and after the Falklands fighting — 50 UK merchant ships were used with the task force — that it will renew its argument for new investment incentives.

It wants an extra 40 per cent allowance above the present free depreciation which applies to other industries as well. Thus a UK shipping company ordering a new vessel would be able to offset tax in one or more years with 140 per cent of the investment cost.

Mr Nicolson stressed that the fleet's contribution to the national payments figures was getting smaller each year in real terms as the tonnage decreased.

Last year, it fell by more than 6m deadweight tons, or 149 ships, to around 29m dwt. At the end of 1975, the fleet stood at a peak of 50m dwt.

# Doctors call for ethics review

THE ETHICS committee of the British Medical Association has been urged to examine how severely handicapped babies should be treated, after claims that babies have been allowed to die.

The BMA's annual representative meeting in London yesterday called on the committee to give the issue further consideration. Advice already in the BMA's ethics handbook states that the ultimate choice on whether a child be treated or not lies with its parents.

The decision to ask for a review of the present guidance follows the trial last year of Dr Leonard Arthur, a Derby paediatrition, who was acquitted of a charge of manslaughter of a mongol baby.

Dr Ian Jessiman of Chislehurst, Kent, told the meeting: "With progress in medical technology we have lately found ourselves faced with new ethical problems in the cars of newborn, but handicapped infants. I believe that a new-born child has the right to be fed, warmed and cherished."

Dr James Appleyard, another Kent paediatrician, said further consideration of the ethics was unnecessary and potentially dangerous. It could be interpreted as undermining existing policies. If the issue were raised again, parental rights and the responsibilities of doctors might be succeeded by stricter legal definitions which would raise more problems.

MANUFACTURERS' SALES SURVEY

# U.S. dominates Europe's electronics market

BY GUY DE JONQUIERES

SALES by American manufacturers account for almost a third of the total activity in Western Europe's electronics industry and exceed the turnover of any other national group of companies, according to a survey.

The Mackintosh European Electronics Companies File finds that in 1980-81, 28 of the 100 largest electronics manufacturers operating in Western Europe were American. The U.S. companies' combined sales in Europe of imported and locally-made electronics products were $31.5bn (£18.43m).

Total sales by the 100 companies were $100bn. The importance of the American share was even greater than it might seem because the figures used for European companies were for worldwide sales, not just business in Europe.

West German companies formed the second largest national group, with a total electronics turnover of $19.2bn.

The figures for the British and French electronics industries — $12.3bn and $11.3bn respectively — were about the same as the turnover of the biggest single company, Philips of the Netherlands ($11.1bn). In all cases, companies' non-electronics business is excluded.

Measured on the basis of their worldwide business, American companies' pre-tax profits averaged 12.4 per cent of sales. That was double the levels of the British and French industry groups, while the average for West German companies was only 2.1 per cent.

Japanese companies' pre-tax profits averaged 9.3 per cent of sales. Eight of the 100 top companies were Japanese, with a total European turnover of $3.7bn.

The survey finds that Japanese companies far outstripped their competitors in terms of worldwide sales per employee, averaging $116,600 overall. That compared with $68,300 per employee for the German group, $55,500 for the Americans and $48,200 for the British.

But fixed assets per employee of Japanese companies, averaging $15,600, were no higher than for their U.S. and German competitors. Only British and French companies (with assets per employee of $10,800 and $12,500 respectively) were significantly below the Japanese level.

"The Japanese may be employing more modern, efficient capital equipment, or working longer hours per employee fo obtain their huge improvement in sales per employee," the survey says.

The survey is based on companies' reported results for 12-month periods between January 1980 and June last year.

*Mackintosh European Electronics Companies File, £165. Published by: Benn Electronics Publications, Suite 9, Delaport House, 57, Guildford Street, Luton LU1 2NT.*

EUROPEAN TOP TWENTY 1980-81

| Country | Group | Electronics Sales $m | Elec as % Group Total | Profit before Tax Sales % | Sales/Empl $000 | Profit before Tax Empl $ | Invstmnt/ Sales % |
|---|---|---|---|---|---|---|---|
| Ne | Philips | 11112 | 60 | 1.9 | 49.2 | 932 | 6.9 |
| USA | IBM | 9435 | 99 | 22.5 | 76.9 | 17293 | 30.9 |
| WG | Siemens | 8676 | 49 | 5.0 | 51.1 | 2555 | 15.3 |
| USA | ITT | 8632 | 50 | 6.7 | 53.2 | 3586 | 12.1 |
| Fr | Thomson-Brandt | 6470 | 75 | 3.1 | 67.3 | 2064 | 4.2 |
| UK | GEC | 3772 | 47 | 13.7 | 41.7 | 5736 | 4.7 |
| WG | AEG-Telefunken | 2912 | 36 | (1.9) | 58.5 | (118) | 10.2 |
| Sdn | LM Ericsson | 2022 | 70 | 7.7 | 42.1 | 3247 | 5.9 |
| Fr | CGE | 1919 | 18 | 6.3 | 47.9 | 3772 | 4.3 |
| USA | Xerox | 1862 | 80 | 16.5 | 68.3 | 11258 | 18.7 |
| It | Olivetti | 1733 | 68 | 6.8 | 48.1 | 4387 | 8.9 |
| UK | Plessey | 1674 | 85 | 10.0 | 41.5 | 4155 | 21.5 |
| UK | ICL | 1665 | 100 | 3.5 | 50.3 | 1764 | 11.2 |
| WG | Grundig | 1521 | 100 | (5.4) | 49.4 | (2676) | 2.6 |
| Fr | CII-HB | 1488 | 100 | 3.4 | 73.3 | 2515 | 30.9 |
| UK | Thorn-EMI | 1486 | 27 | 4.2 | 48.6 | 2057 | 10.2 |
| WG | Robert Bosch | 1382 | 21 | 6.0 | 53.2 | 3184 | 11.7 |
| USA | Hewlett-Packard | 1136 | 100 | 16.9 | 54.4 | 9175 | 18.4 |
| UK | Racal | 1125 | 90 | 13.6 | 68.9 | 9405 | 7.9 |
| USA | Honeywell | 1059 | 100 | 8.2 | 50.7 | 4177 | 17.3 |

Sales figures are for European electronics sales of non-European Companies and worldwide sales of European companies

*Source: Mackintosh European Electronic Companies File, 1981-82*

# Emigration from Ulster doubles

By Our Dublin Correspondent

THE RATE of emigration from Northern Ireland more than doubled in the 10 years to 1981, according to the preliminary report of the Northern Ireland census.

Net outward migration during the decade totalled almost 134,000—or more than 13,000 a year, compared with 6,000 a year in the 1960s and 9,000 in the 1950s.

Contrary to expectations the province's population fell slightly from 1,536,065 to 1,509,892. The emigration figures exceeded official Government estimates by about 30 per cent.

Mr John Patten, Under-Secretary of the Northern Ireland office, blamed terrorist violence and the depressed economic conditions for the increase in emigration. The Government believed the province was losing "its brightest and best young people."

The population of Belfast fell by one quarter on the 1971 census figure of 417,000, but there was a corresponding rise in the numbers living in nearby districts such as Lisburn, County Antrim, and in North County Down.

The census was taken during last year's IRA hunger strikes, but the response rate was 98.7 per cent, in spite of intimidation and calls for a boycott.

# Carpet industry sheds jobs

By Anthony Moreton, Textiles Correspondent

EXCESS capacity continues to bedevil the carpet industry despite a severe run-down of resources in 1981 according to Mr Tony Roden, president of the British Carpet Manufacturers Association, in his annual report published yesterday.

Severe cuts in the workforce had brought the number employed down to 20,200 by the end of the year, of whom 14,100 were men. Four years earlier the number employed was 33,400, with 21,700 of them men.

"With 1981 proving to be a very gloomy year, with a decline in the home market total sales volume and a significant increase in imports, together with a decrease in the level of exports, the opportunity has been taken by many companies to effect changes which will strengthen their position when the upturn comes," he reports.

The cut in the workforce was not just the result of the recession but was also due to the transition within the industry from a labour to a capital intensive base.

"The economic climate has, however, speeded the change and shortened the time scale."

Many companies are continuing this process of rationalisation, Mr Roden reports, especially in an attempt to meet the strong level of imports from Belgium. But he drew comfort from the statistics that UK manufacturers still met over three-quarters of the home market last year.

Total sales rose to 146m sq m last year compared with just over 130m in 1977. The share won by home manufacturers, though, is estimated to have dropped to 113.7m sq m compared with around 125m four years earlier.

# NEDC cost £5m last year

By John Elliott, Industrial Editor

RUNNING the National Economic Development Council and its 60 industrial committees cost the Government nearly £5m in 1981-82, according to the council's annual report published yesterday.

The budget of the National Economic Development Office, which serves the council and committees, was estimated at £4.05m for the year. The actual expenditure was £3.96m, of which £2.6m was spent on salaries for 228 staff, and £104,000 on fees to committee chairman and outside agencies.

In addition, accommodation, office furniture, exhibition facilities and other services, which cost a further £877,000, were provided by other government organisations.

The number of staff is being cut back. It totals 217 compared with a complement of 233 in 1980-81.

In a foreword to the report, Sir Geoffrey Howe, Chancellor of the Exchequer, says he is "heartened by the amount of agreement" that can be reached by the council and its committees on industrial issues.

"Inevitably there has been less agreement on macroeconomic issues, but the discussions have been valuable in so far as they have helped to define those particular points that divide the parties on the council, and allow us to examine them more closely."

*National Economic Development Council annual report 1981-82. Free. NEDO Books, Millbank Tower, Millbank, London SW1.*

# Savings rescue company

FINANCIAL TIMES REPORTER

THE MANAGING director of a Suffolk company has put his life savings into a management buy-out to save his business from closure.

Mr Ivor Cooper is taking over Precision Engineering Products from Unilever. The company, which makes packaging machinery, has lost nearly £1m during the past three years.

Mr Cooper bought the shares for an undisclosed amount and has cut the workforce from 89 to 20. He will now sub-contract the bulk of the machining work and assemble the machinery in his own premises.

"It's the way they do it in the States and on the Continent," he said at his Bury St Edmunds base. "Nearly half my turnover will be sub-contracted during the first year."

Mr Cooper said his turnover had shrunk from nearly £2m three years ago to around £1.4m last year as the order book dried up. During his first year in operation he hoped to reach a turnover of around £800,000.

He has sold 80 per cent of the factory's machine tools as well as the site and premises which he will now lease with backing from Barclays Bank.

Mr Cooper's main competition is from West German companies. He said he had not been able to remain competitive because of high overheads and under-use of capacity.

The early reaction from customers had been favourable, he said: "They told me I should have done this years ago."

**John Griffiths** examines the arguments for relaxing borrowing controls on car sales

# Motor trade prepares to lobby over hire purchase

RELAXING HIRE purphase controls on cars would not be inflationary, according to the UK motor industry. The Exchequer would be a net beneficiary by £25m; it would not lead to a big rise in imports; it would increase the new car market by 40,000 to 80,000; it would help free the logjam in the used car market which is also depressing new car sales; and it would help the entire, embattled industry, from indigenous manufacturers to dealers and component makers.

It would also be a step towards eradicating an anomaly: very few consumer purchases aprt from cars are now subject to any formal deposit/repayment period restrictions.

These are the arguments which will be put forward within the next month when the Society of Motor Manufacturers and Traders makes a major presentation to the Government. It aims to get current restrictions—one-third deposit, repayment in two years—changed in favour of a 25 per cent deposit and a three-year repayment period.

It will not be the first time the industry has lobbied for such a move in the five years the controls have been in force. At the end of last year the SMMT, the Motor Agents Association representing the retail trade, and the Finance Houses Association formed a joint front to seek such a change, without success.

But the fact that the SMMT is *not prepared to see the matter* rest — indeed, that it is going higher up the list of priorities —was clearly signalled at the end of June on the accession of Talbot's chairman, Mr George Turnbull, to the SMMT presidency. Within hours he was letting fly at successive governments of the past 20 years for using the industry as a "milch cow" to solve their own fiscal problems.

The campaign is being relaunched against a background of forecasts that the UK new car market will show no growth this year over the already depressed level of 1981, when 1.48m cars were sold. Mr Turnbull says be could see it sinking as low as 1.45m.

Mr Turnbull's argument that a relaxation of HP controls would be non-inflationary could be crucial. He insists this is the case because there is no scope for an overall increase in purchasing power. What would happen instead is that there would be a discretionary shift in the way that spending power is used. Cars would gain at the expense of other consumer spending. "The main point is that out of that purchasing power, we are just trying to get a fairer share for cars. We see no case for the Government to continue this discrimination any longer."

The extra revenue for the Exchequer, he argues would arise because of the 10 per cent car tax imposed on new vehicle sales. There would be no effect on VAT "because it is cancelled out through merely switching from one consumer goods to another."

Implicit in this argument, however, is that the SMMT has little real hope of making any progress on its other market-boosting demand: the cancellation of what it has called the "pernicious" car tax.

Mr Turnbull rejects the argument that relaxation could lead to a disproportionate rise in imports. This is exactly what happened when HP controls were last relaxed in the early 1970s. But there are a number of factors which make the current situation different:

- In he earlier case, relaxation came when Japanese cars were staring o make noticeable inroads into the UK market, mainly among private buyers. The "gentlemen's agreement" now resricting Japanese cars o 11 per cent had not appeared;
- The UK was just entering the EEC, so it was inevitable that traditional European importers were in any case about to have much greater access to the British market;
- The UK companies at the time were undertaking major dealership rationalisations, in many cases pulling out of small town outlets which were then snapped up as franchised outlets by Japanese and other importers, thus helping to increase their penetration;
- Finally, the UK industry was going through one of its blacker periods of industrial relations problems and in many cases was unable to supply vehicles, allowing the gaps to be plugged by importers.

None of these conditions apply now, and it is argued that a relaxation would not disproportionately increase imports' market share, which so far this year stands at 57.7 per cent.

This may not be strictly the case. Although close to 90 per cent of company car purchases are estimated to be of British or British-badged vehicles, about 60 per cent of private buyers' purchases are estimated to be imports.

Also, roughly half of Fords, Vauxhalls and Talbots sold in the UK last month were "captive" imports from Continental plants, so the degree to which import penetration might rise further would also be governed by their ability to meet higher demand from plants in the UK.

Vauxhall would be in a difficult position with its highly successful Cavalier, UK output of which is already at maximum capacity. Adequate capacity does, however, exist for its smaller Chevetta and Astra models.

Talbot has plenty of capacity for its Ryton-built Horizon, Solaro and Alpine models, but *its most successful car is the* imported Samba.

Ford could expect any increase in Fiesta and Escort demand to be met from UK production, though if there were a sudden surge it probably would draw on Continental plants. Cortina stocks are very high—it is now on production run-out ahead of Sierra—and easier HP would serve mainly to help dispose of them.

BL, currently voicing disapproval of the level of captive imports, would nevertheless also expect to benefit.

But, like most manufacturers, it is particularly concerned to see some movement in the used car market. Dealers are finding disposal of used cars difficult and are therefore reluctant to take trade-ins—a factor also depressing demand.

But will all the arguments wash with the Government?

The Treasury is not likely to greet the demands for easier credit with any enthusiasm because of the difficulties in controlling sterling bank lending to the private sector. In the quarter to the end of June it rose by a record £4.97bn underlining the Government's difficulties in controlling private sector borrowing even at a time of low economic recovery.

There was also another spurt in the *already buoyant* levels of lending to individuals with bank credits for house purchases reaching new record levels.

Consumer credit organisations also report buoyant demand levels with applications running about 8 per cent ahead of last year's levels. This reflects the fact that, although the real value of incomes has been falling, people have been trying to maintain previous levels of consumption through increased use of credit. Loans for car purchases are repeatedly cited as one of the principal causes of the continuing boosts to credit business.

# Ford wins big share of van sales market vacated by Japanese

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD has benefited most from the decision by Japanese manufacturers to restrict shipments of light commercial vehicles to Britain this year.

Registrations of Ford Transit vans in the first half of this year rose by nearly 64 per cent, from 15,116 to 24,759. This improved the company's share of the UK market for medium and heavy vans from 31.5 to over 45 per cent by the end of June.

Ford made sure it would pick up a major share of the *business* left by the Japanese by mounting two substantial marketing campaigns. The second, which took effect at the end of May, involved some price cutting and improvements to the Transit's specifications.

At the end of 1981 Japanese companies indicated they would hold shipments of light commercial vehicles to cut their share of the British market to below 11 per cent compared with the 17 per cent at which it was running last year. Importers of Japanese commercial vehicles say their allocations for 1982 have been cut by about half from last year's level.

In the first six months of this year, according to figures from the Society of Motor Manufacturers and Traders, registrations of medium and heavy vans rose by 14 per cent, from 47,873 to 54,597.

Apart from Ford, the other companies to show substantial progress included Mercedes-Benz, with sales up 68.4 per cent from 1,387 to 2,252, helped considerably by the introduction of petrol-engined versions of its vans midway through 1981. Petrol, rather than diesel engined models account for 85 per cent of this particular market.

Renault, with its new Trafic-Master range, pushed up sales 249 per cent, from 493 to 1,721. BL's subsidiary, Freight Rover, outperformed the total market with sales of Sherpa vans up nearly 20 per cent, from 4,043 to 4,842 over the six months.

The society's statistics show that total commercial vehicle registrations for the half-year rose nearly 7 per cent from 110,195 to 117,795. Imports accounted for about 28.9 per cent in both periods.

There was a considerable difference between sectors. Registrations of trucks and artics (above 3.5 tonnes gross weight) went up by only 1 per cent from a very low level of 22,514 to 22,773.

Leyland Vehicles, BL's heavy commercial subsidiary, suffered badly from the impact of its strike early in the year and its registrations slumped by nearly 25 per cent in the six months, from 3,665 to 2,752.

Importers benefited from Leyland's weakness. Scania registrations went up 74 per cent, Volvo up 51.5 per cent, Iveco up 46.5 per cent and Mercedes up 29 per cent. The Japanese have agreed not to export built-up vehicles above 3.5 tonnes gross to the UK.

Light van sales in the six months rose by 4.8 per cent from 31,583 to 33,109, but bus and coach registrations fell by more than 12 per cent from 2,695 to 2,366.

Sales of light four-wheel-drive vehicles were down 10.5 per cent, from 5,530 to 4,951. BL's Land Rover offshoot did better than the market as a whole and suffered only a 4 per cent *decline*.

# Steel consumers attack Government prices policy

BY MARK WEBSTER

BRITAIN'S STEEL users yesterday delivered a stinging attack on the Government's steel policy.

Mr Laurence Kelly, vice-chairman of the British Iron and Steel Consumers' Council, said last winter's steel price rises had inflicted "serious damage" on some steel consuming industries.

Mr Kelly said it was ironic that a Government whose declared aim was to encourage the private sector should pursue policies which protected the nationalised supplier at the cost of private industry.

"Many steel users have suffered a serious erosion of their profit margins as a result of steel price increases which they have not yet been able to recover," he told the council's annual meeting.

The council, whose members account for 60 per cent of the steel consumed in the UK, has already submitted evidence to the Department of Industry about the effect of the price increases.

Mr Kelly said the council was awaiting the Department of Industry's reactions to the evidence. In the meantime, talks have also gone on with Viscount Etienne Davignon, the European Industry Commissioner.

Viscount Davignon had assured the council that in future it was his intention to give equal weight to the views of both consumers and producers in developing an EEC steel policy.

The council's lobbying has already had some practical effect, in opposing the maintenance of production quotas for 18 months, said Mr Kelly. After representations from some governments, and consumers, the quota period was reduced to 12 months.

Mr Kelly said steel prices could again begin to firm up when the current bout of destocking ends but it would not be enough to sustain significant price increases.

He agreed that there would be pressure from producers for further price increases to reflect their growing costs and that it might be necessary to allow some small increase in 1983.

But he said that with 50m tonnes of excess capacity in the EEC it was difficult to see the justificaton for anything more, particularly when account was taken of the users' markets and profit margins.

# Report claims up to 10m people 'poverty-stricken'

BY IAN HARGREAVES

ABOUT 10m people, nearly a fifth of the population, are "experiencing a poverty-stricken life," the author of a Government-financed study into social deprivation said yesterday.

Dr Muriel Brown, lecturer in social administration at the London School of Economics, was introducing a publication summing up 10 years of research initiated by Sir Keith Joseph when he was Secretary of State for Social Services in the Heath Government.

Sir Keith was anxious to test his instinct that major social problems associated with poverty often ran in families and were transmitted from generation to generation, without much impact from the support mechanisms of the welfare state.

He felt that one possible explantion for this "cycle of deprivation" was the "parenting skills" of the poorest *families*.

It has taken about 70 people 10 years to complete 30 separate pieces of research. The results are summarised in the book, to be published next week at a cost of £750,000.

Funded by the Social Science Research Council, a body whose usefulness Sir Keith has questioned, and the Department of Health and Social Security, the book *concludes* that Sir Keith's belief is true only to a limited degree.

The research found evidence of individuals breaking away from the pattern of poverty in their own family, though it found deprivation common among certain identifiable groups, notably single-parent families, ethnic minorities and families of unskilled workers.

Certain areas, especially inner urban zones and Northern Ireland, possessed a disproportionate number of deprived families.

The *study* steers a middle course in explaining deprivation, stating that the causes are a mixture of personal influences and the effects of the "system," and suggests that the only way to deal with the problem is by a fragmentary and piecemeal improvement of benefits and opportunities for specific groups within the framework of the existing social security laws.

In particular, the authors say that the long-term unemployed should be eligible for the premium rate of supplementary benefit, that child benefit should be increased, and that poor families should be allowed to earn more before suffering loss of benefit.

"Imaginative policies of positive discrimination" are needed, says the study, but it strongly contests *the claim* that the "welfare state" has outlived its usefulness.

*Despite the Welfare State, by Muriel Brown and Nicola Madge. Heinemann Educational Books £4.95.*

# New offer for London busmen

By Our Labour Staff

LONDON TRANSPORT has made a new—but undisclosed—pay offer to the 20,000 London bus workers. A conference of union representatives will consider the offer next week.

Bus workers previously rejected an offer of a 5 per cent increase with an extra 2 per cent dependent on productivity commitments.

# UK NEWS – LABOUR

## Miners' union will renew pressure for early retirement

BY JOHN LLOYD, LABOUR EDITOR

THE NATIONAL Union of Mineworkers ended its four-day conference in Inverness yesterday pledged to resurrect unfulfilled resolutions — and press them on the National Coal Board once more.

This will mean that demand for retirement at 55, together with higher severance payments and other benefits, will now join the 31 per cent wage claim to be pursued this year. But these claims are likely to be presented separately.

Mr Jack Collins, secretary of the Kent area, said a motion—from Derbyshire—was the most important of the conference, and would allow the unions to bring back on the agenda issues which had been dropped.

It places a big burden on unions and Coal Board negotiators over the coming year and provides a further range of issues on which industrial action could be called.

Delegates and union leaders leaving the conference agreed it had been a historic one—the first which clearly demonstrated the triumph of the left, headed by Mr Arthur Scargill, the new president, after a 15-year struggle for power.

The old right wing majority on the executive commanded by the former president Lord Gormley has crumbled and split and presented only sporadic dissent in the early stages of the conference.

Its disarray was evident on the first day when Mr Sid Vincent, the outspoken and colourful secretary of the Lancashire area, startled delegates by announcing that he had adopted the view towards the left of "if you can't beat them join them."

The momentum will be kept up when the executive meets next week to approve the pay package and to rouse opposition to closures. Snowdown Colliery in Kent is the immediate issue, though Mr Scargill has said that two more large pits are earmarked for closure.

However, the coal board has denied this and yeserday it also denied a report that Hatfield Colliery, in the Barnsley area was to close.

● The conference unanimously passed an emergency motion calling for immediate withdrawal of all Israeli forces from the Lebanon.

● Ms Mompati the UK representative of the African National Congress old delegates that Souh African miners were the most exploited

## TUC policy 'excludes incomes agreement'

By Our Labour Correspondent

MR ALAN SAPPER, TUC chairman and general secretary of ACTT, the television technicians' union, yesterday warned the Labour Party and union leaders that on agreement on incomes was no part of TUC policy.

He told the National Union of Mineworkers' annual conference, in Inverness, that the TUC was committed to free collective bargaining. No future Labour Government should try to control wages. Condemning the working of the "social contract" under the previous Labour administration, he said. There would be "no return to the social contrick."

Mr Sapper's interpretation of policy will be controversal. It rests on last year's Congress resolution supporting free collective bargaining and opposing "any wages policy, pay norm or statutory restraints."

However, Mr Len Murray, TUC general secretary, argued then that the decision had to be taken with other motions and with a report from the TUC-Labour Party liaison committee Economic Issues Facing the Next Labour Government.

## Unions fear water council loss

BY BRIAN GROOM, LABOUR STAFF

TRADE UNIONS in the water industry yesterday accused the Government of trying to break their bargaining power at national level by its proposed abolition of the National Water Council.

Mr Tom King, Local Government Minister, announced the abolition of the council, which co-ordinates the activities of 10 autonomous water authorities in England and Wales, on Wednesday.

The council has statutory responsibility for the industry's long-standing national negotiating machinery on terms and conditions of more than 70,000 workers and staff.

This will end on the day the council's functions cease, which is expected to be September 30 1983. Collective agreements will cease to operate on that date, although employees will retain their right to existing rates of pay and conditions.

Negotiations would then be conducted purely at regional level, unless the authorities decided they wished to recommend that a future association of water authorities becomes the national negotiating body. At present, this seems unlikely.

The 30,000 manual workers in the water industry used to be a insignificant group, but in recent years they have come to be regarded as workers with potential disruptive power at national level not far short of the miners.

So far there has been no official national industrial action, but the possibility of it has crept nearer and there has been sporadic unofficial action.

Mr Eddie Newall, national officer of the General and Municipal Workers' Union and secretary of the manual unions, said last night: "This is another attempt by the Government to disrupt the bargaining ability of the unions at national level."

He said he could come to no other conclusion after examining the Government's stated reasons for planning to abolish the council.

Mr King's main argument was that while the National Water Council has played a valuable role when it was set up in 1974, as part of the industry's reorganisation. Regional authorities are now capable of carrying out their job without an additional central body.

Abolishing the statutory national negotiations without proposing statutory arrangements to replace them was "a recipe for chaos." Regional negotiations would result in regions being played off against each other.

Men and Matters, Page 18

## Liverpool dockers disrupt cargo handling

BY BRIAN GROOM, LABOUR STAFF

THE LOSS-MAKING Port of Liverpool was disrupted yesterday by an unofficial strike of 1,100 dockers employed by the main operator, the Mersey Docks and Harbour Company.

Cargo-handling was halted on 11 ocean-going freighters. Work continued in some parts of the company's operation, and at other stevedoring companies. About half-a-dozen ships, mainly coastal vessels, were unaffected.

Port shop stewards will recommend a return-to-work at a mass meeting on Sunday. The docks company hopes the strike will be limited to two working days.

A longer stoppage would be a severe blow to Mersey Docks, which lost £7.5m last year. The Government has warned it will not continue to grant aid after the end of this year unless the port breaks even.

The strike followed the company's measures to achieve financial stability—the ending of cargo-handling at Birkenhead.

About 225 Birkenhead dockers refused to cross the river to work in Liverpool this week, because Mersey Docks rejected their claim for £1,500 compensation and a £900 a year travel allowance. The company offered a travel concession only for the first month.

The dispute began to spread when Liverpool dockers refused to cover for striking Birkenhead colleagues.

**David Goodhart adds:** The Haven ports—Felixstowe, Harwich and Ipswich—have all been hit by labour disputes. The ports have enjoyed considerable growth in recent years because of their normally good labour relations.

Felixstowe's 1,200-strong branch of the Transport and General Workers' Union has imposed an overtime ban after rejecting an 8.5 per cent offer from the Felixstowe Dock and Railway Company—a subsidiary of European Ferries. The overtime ban will hit all freight movement at the week-end.

Cargo handling at Ipswich has been halted until Monday by a strike of 130 shed men over bonus payments.

The dispute at Harwich over proposed wage cuts, which began last Thursday, continued to stop the movement of all passenger ferries and freight liners.

## Barclays confident of Saturday volunteers

By Our Labour Staff

BARCLAYS BANK hopes to avert the threat of industrial action by its biggest union by showing that it has been approached by enough volunteers to press ahead with its planned opening of 460 branches on Saturday mornings.

Today the bank will make the first formal count of responses to its appeal for volunteers. Eighty per cent of Barclays' 33 regions have reported that sufficient numbers of staff are volunteering.

Next Tuesday the general committee of Barclays Group Staff Union meets to consider a ballot on industrial action on the issue. The bank clearly hopes the union will draw back from such a decision if it sees the bank obtaining sufficient volunteers.

The union has opposed strongly, however, and is urging members not to volunteer before Tuesday's meeting.

Barclays acknowledges it has had insufficient volunteers from some areas, particularly some major conurbations where staff would have to travel a long distance. It says, however, there is still time before September 11, when the Saturday plan is to be extended nation-wide.

## No English justice, closed-shop man told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A MAN who lost his job in 1977 because he refused to join a closed shop union would not find justice in the English courts, Lord Denning said in the Court of Appeal yesterday.

The only hope of compensation for former Co-op milkman Mr Burns Taylor was to follow the path to the European Court of Human Rights successfully trodden last year by three former British Rail workers, said Lord Denning.

Under the law as it stood in 1977, the sacking of Mr Taylor had been fair, and he could not recover compensation from Co-operative Retail Services.

But that law—the 1974 and 1976 Trade Union Acts—was inconsistent with the freedom of workers to join the union of their choice, guaranteed by the European Convention on Human Rights.

"The UK Government is responsible for passing those Acts and should pay him compensation," said Lord Denning, adding that he could see no reason why the Co-op should have to compensate Mr Taylor, as it had only done what it had been compelled to do by the unions with which it had signed a closed shop agreement.

Mr Taylor could, like the British Rail workers, go to the Human Rights Court, where he might, in the long run, get compensation.

"So, in the end, justice may be done. But not here," said Lord Denning.

Mr Taylor's appeal against rulings by an industrial tribunal and the Employment Appeal Tribunal that his dismissal was fair, was dismissed.

He was one of a number of Co-op dairy workers in Worcester who, in 1975, resigned from the Union of Shop, Distributive and Allied Workers, with which they had become dissatisfied. They later joined the Transport and General Workers Union, at a time when the two unions had just signed the closed shop agreement

USDAW complained to the TUC disputes committee that, in accepting the Co-opworkers as members, the TGWU had broken the Bridlington Principles stopping one union "poaching" another's members.

On the instructions of the committee, the TGWU excluded the Co-op workers, all but 10 of whom then joined USDAW. Mr Taylor, who was one of the 10, was dismissed by the Co-op.

An industrial tribunal rejected his unfair dismissal claim on the ground that the practice at the time had been for Co-op employees in Mr Taylor's category to be members.

The appeal tribunal took the same view, said Lord Denning.

He added that Mr Taylor had, however, been subjected to a degree of compulsion that was contrary to the freedom guaranteed by the Human Rights convention.

## Hospital strike on sacking

BY IVO DAWNAY, LABOUR STAFF

SEVERAL HUNDRED hospital ancillary staff in Liverpool took all-out strike action yesterday after a union official was dismissed for allegedly assaulting a colleague who opposses the health service pay dispute

The stoppage left four hospitals without emergency cover and hit services at three others.

Spontaneous walkouts began at the Alder Hey, Newsham and Mill Road hospitals on Wednesday when Mrs Bella Tracey, a branch secretary of the General and Municipal Workers' Union, was sacked for an alleged assault on a cleaner at the beginning of last month.

But a meeting of officials representing all the main health unions in Liverpool yesterday called on National Health Service staff to return to work to await an app

● The Association of Scientific, Technical and Managerial Staffs last night rejected an improved management offer of between 5.2 and 5.8 per cent for 16,000 NHS medical laboratory staff.

## COMPANY NOTICES



















# UK NEWS—PARLIAMENT and POLITICS

## Dublin's interest in Ulster recognised

By Margaret Van Hattem, Political Staff

THE GOVERNMENT'S recognition of the Dublin Government's right to a say in the affairs of Northern Ireland was yesterday given its clearest expression so far in the House of Lords by Lord Gowrie, Minister of State for Northern Ireland.

Introducing a debate on the Second Reading of the Northern Ireland Devolution Bill, he said it was "fantasy" to maintain that the republic had no proper concern with Northern Ireland affairs.

The republic's internal security and its judicial system were affected by the troubles in Northern Ireland, and the cost to the republic of the present "excellent" co-operation between police in the North and South was huge.

"Southern Irish politics, no less than Northern Irish politics, hinge on the 1921 partition settlement," he said. "Then there is the very physical presence as well as the political issue of the land border. Above all there is the inalienable fact that a third of the population of Northern Ireland consider themselves Irish."

*The tone of Lord Gowrie's* speech indicates a sense of relief on the part of the government that the Bill has cleared all hurdles in the Commons, in the face of determined minority opposition, and possibly a sense of regret that the Bill could not have gone further towards meeting the demands of the province's nationalist minority.

In order to isolate the Bill's pro-Unionist opponents in the Commons, the Government refrained from going as far as it earlier seemed prepared to do in conceding nationalist-oriented amendments.

The indications are that the Government will now make a concerted effort to woo members of Northern Ireland's Social Democratic and Labour Party, the only major nationalist party in the province which has consistently stood out against the IRA. The SDP is strongly opposed to the devolution proposals.

Among all the Northern Ireland Ministers, Lord Gowrie is generally recognised as being the most sympathetic to the nationalist cause and he was personally responsible for most of the passages in the White Paper on Northern Ireland specifically recognising the right of Northern Ireland citizens to be Irish and to seek to express their Irish identity in political activity.

Much of Lord Gowrie's speech yesterday appeared designed to reassure the nationalists of the Government's sympathetic appreciation of their case. The Government had gone much further than any previous Government to recognise the legitimacy of the political tradition that aspired to Irish unity, he said.

*However, he stressed that* while the Government would be happy to see the creation of a parliamentary tier to the Anglo-Irish Council, there could be no question of coercion or even encouragement. The Anglo-Irish institutions sought by the nationalists might well not come into being immediately, or be used immediately.

"You cannot force the pace. Anglo-Irish relations can roll forward or roll back. At the moment, and I very much regret this, they are not as close as they might be and should be."

## Falklands inquiry terms approved

BY IVOR OWEN

MPs last night approved the composition and terms of reference of the inquiry which is to investigate the part played by Ministers, the intelligence services and other officials in the events leading up to Argentina's invasion of the Falkland Islands.

The Prime Minister reaffirmed her hope that Lord Franks who is to preside over the inquiry, and his colleagues would be able to complete their work within six months.

Her assertion that the membership of the inquiry gave the best possible assurance that the review would be carried out with independence and integrity was backed by Mr Michael Foot, the Labour leader, Mr Roy Jenkins, leader of the SDP, and two former Prime Ministers, Mr James Callaghan and Mr Edward Heath.

The strongest challenge to the Prime Minister in the course of a three-hour debate came from Mr Callaghan when he renewed his earlier charges that had the Government made the right judgments about the deployment of Royal Navy ships Argentine forces would have never invaded the islands.

To cheers from the Labour benches he declared: "Until my dying day I shall never get out of my head the belief that this was an unnecessary war. I hold the Prime Minister responsible for what took place."

Mr Callaghan also hit out at Mrs Thatcher over her "sneer" that, had a Labour Government been in power, it would not have been prepared to fire a shot to repel the Argentine invaders. "Let me tell her we would not have needed to," he stormed.

Mr Foot used a lighter touch to discomfort the Prime Minister. He recalled the experience of the hero of a Victor Hugo novel, whose involvement in a naval battle had resulted in his being first decorated and then shot.

But Mr Denis Healey, Labour's shadow Foreign Secretary, left the Prime Minister in no doubt that she would be expected to resign if the inquiry showed that the government had been seriously at fault in failing to deter Argentina from invading the Islands.

He said the Prime Minister would be expected to show the same courage in accepting the implications of such a judgment as that exhibited by Lord Carrington when he resigned as Foreign Secretary in April.

Mr Healey contended that General Galtieri, the head of the Argentine junta had made it clear well in advance that Argentina would be prepared to use force to gain possession of the Islands if it seemed likely that their forces would not encounter serious resistance.

Mr Healey maintained that all the "signals" which Argentina's leaders had detected from the actions of the British Government had led them to decide that the invasion was an acceptable risk.

Mr Heath made it clear that his clash with Mrs Thatcher over the need to secure the permission of the Prime Ministers of former Administrations before access could be gained to their papers by successor Governments had been settled on his terms.

He stressed that it was not a matter of courtesy but of constitutional practice which had been established since 1917 when Cabinet minutes were first introduced. "I hope we have now had this fully confirmed."

Mrs Thatcher announced that four former Prime Ministers, Mr Macmillan, Lord Home, Sir Harold Wilson and Mr Callaghan, as well as Mr Heath had agreed that the committee should have access to the relevant documents of their Administrations subject to the conventions which had been observed in the past.

The Prime Minister told MPs that while the committee itself would determine its own procedure it had been suggested to Lord Franks that should criticism be directed at any individual the person concerned should be given details and an opportunity to make representations orally or in writing.

Mrs Thatcher made it clear that the Government would reserve the right to prevent publication of sections of the report relating to the security services. But she envisaged that there would be only "very rare deletions."

Mr Humphrey Atkins (C Spelthorne), one of the Foreign Office Ministers who resigned with Lord Carrington, welcomed the inquiry. But he argued that it inevitably suffered from a flaw—it could not question Gen Galtieri.

## Labour's local poll share falls

By Our Political Editor

LABOUR'S share of the vote in local government by-elections during June was the lowest for more than a year.

According to estimates compiled by Labour Party supporters, the party took only 23.1 per cent of the total vote in the 30 wards contested during June. This compares with 43.3 per cent for the Conservatives and 28 per cent for the SDP/Liberal Alliance which is considerably less than last winter.

It is impossible to tell whether these wards are representative of the national trend. But on the basis of previous incumbency the Conservatives won nine seats and lost four, while Labour won two seats and lost six. The gains and losses of the Alliance cancelled each other out while others lost one seat.

In the 24 wards where all three main parties stood together the Labour share of the vote was 22.4 per cent, compared with 46.7 per cent for the Conservatives and 28 per cent for the Alliance.

Last month's figures indicate that the Falklands factor may have benefited the Conservatives while Labour appears to be suffering from its internal divisions.

There are naturally sharp variations in the results from month to month, but the trend since the beginning of this year shows that the Alliance share has dropped from over 40 per cent to around 30 per cent or less, while the Labour share has slipped back from between 26-28 per cent to 25 per cent or less.

The main beneficiaries have been the Conservatives whose share of the vote has risen from 25-27 per cent range to well over a third most recently and up to two fifths last month.

Elinor Goodman adds: The register of Labour groups, approved by the last meeting of the party's national executive committee as a way of dealing with Militant Tendency, has now been set up. An advertisement in this week's issue of Labour Weekly invites all non-affiliated groups of Labour Party members to apply immediately for registration.

## Strike-breaking drivers praised by Thatcher

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TRAIN drivers who are continuing to work in defiance of the strike decision of the Aslef executive were congratulated by the Prime Minister yesterday. She made clear that she hoped more drivers would follow their example.

"They are doing a far better service for themselves and the railways than those out on strike," she told the Commons.

Once again she came in for strong criticism from Labour back benchers but rejected demands that the Government should intervene to solve the dispute.

Her endorsement of those who have continued to work came after Mr Edward Taylor (Con, Southend East) told her he had travelled from Southend to London on a train filled with hundreds of passengers despite the dispute.

Mrs Thatcher commented: "I would like to offer encouragement and congratulations to those many Aslef drivers who are working and carrying out their duties to the travelling public."

The Prime Minister emphasised that the responsibility for running the railways rested squarely with the BR board. She believed that the majority of railwaymen were "ready and willing" to carry on working.

"I hope that they will very soon apply to Aslef as it does to the NUR," she added.

Questioned by Mr Derek Foster (Lab, Bishop Auckland), Mrs Thatcher insisted that the responsibility for running the system for the benefit of the public was vested in the board. "It is for them to run it under the terms with which they are charged," she said.

But according to Mr Foster, she had betrayed the national interest by refusing to bring the parties together. "If the board is looking after the railways' interest and Aslef rightly, is looking after its members interest, who is looking after the country's interests?" he demanded. "Is that not your job?"

The Prime Minister was also criticised by Mr Michael Meacher (Lab Oldham West) who claimed the Government was giving unquestioning support to the board. Mr Meacher said that the introduction of flexible rostering would according to BR's own figures, save less than £500,000 this year and only £9m over the next three years. In contrast, he said, the dispute was costing £9m a day.

"This is a ludicrously false economy and suggests that your real purpose in this dispute is to break Aslef," Mr Meacher declared.

The Prime Minister rejected this accusation and said: "Those charged with the responsibility of running the railways should be allowed to get on with it."

She told the opposition that the Conservatives did not have the arrogance to assume that they could run the business better.

## Task force dead to be returned

MRS THATCHER announced that the Government would bring home the bodies of British servicemen buried in the Falklands, if their families wished it.

She also announced an immediate investigation into how this decision appeared in newspapers before she told MPs in the Commons.

The decision means that servicemen who died and were buried temporarily in hillside graves on the islands will be disinterred and brought home for reburial. But where the families wish, the bodies will be reburied in the Commonwealth War Grave at Port Stanley.

About 80 British servicemen out of the 255 who died in the battle for the Falklands are buried in the islands. The rest died at sea or in the air.

Mrs Thatcher told Mr George Robertson (Lab, Hamilton) in a Commons written reply: "After considering all aspects of this most difficult problem, including the practical difficulties involved, and having read the letters I have received from the next-of-kin of those killed and others, I have decided that, where the next of kin wish, arrangements will be made for the return to the United Kingdom of the bodies of the fallen who have been given temporary burial on land in the Falkland Islands.

Mrs Thatcher said that where next of kin wished the bodies to remain in the Falkland Islands they would be buried with all due ceremony at Port Stanley.

"Arrangements will be made for close relatives to visit the graves if they so wish and similar arrangements will be made for close relatives of those lost or buried at sea who wish to visit the Falkland Islands."

Mr Robertson complained that he had had to learn of Mrs Thatcher's decision through the Press. "I will try to find out precisely what has happened," the Prime Minister told him.

● The Queen has approved a South Atlantic campaign medal for the Falklands Conflict.

Mrs Thatcher told the Commons details would be disclosed in a White Paper

## Heseltine defends blacks' record on loan payments

BY LISA WOOD

THE BLACK community's ability to pay back loans is as good as that of the white community, according to research conducted by the Abbey National Building Society, Mr Michael Heseltine, the Environment Secretary, told a conference of black businessmen yesterday.

Addressing a conference in London jointly sponsored by the UK/Caribbean Chamber of Commerce and the Commission for Racial Equality, the Minister said there was a great deal of misconception about blacks paying back loans.

But the experience of Abbey National was that trading with the black community was just the same as trading with whites.

Mr John Macgregor, Under Secretary of State, Department of Industry, congratulated the major clearing banks, which were all represented at the conference, for setting up special units to deal with small businesses and in particular black business.

### MANDARIN INSTINCT FOR CONTINUITY

## Exploring the myths of Whitehall

BY PETER RIDDELL, POLITICAL EDITOR

WHITEHALL provides one of the most elusive subjects for an outsider to grasp, let alone explain fairly. The alternative myths of a powerful civil service trying to steer politicians along a departmental and consensus path, or of advisers subservient to the lead of politicians are both unconvincing.

The truth is more subtle, yet no more easy to pin down. Various attempts have been made to focus on where the power lies, mainly from the politicians' viewpoint (most entertainingly in Gerald Kaufman's "How to be a Minister"). But there have been few public insights from civil servants, who, apart from diplomats or highly unusual officials like Sir Leo Pliatzky, have been reluctant to write their memoirs. A few assiduous journalists interested in this field have had to work hard for the occasional lifting of the mandarins' veil.

Hugo Young of the Sunday Times and Anne Sloman of the BBC therefore achieved something of a breakthrough when they persuaded several serving civil servants, as well as politicians, to talk about power in a BBC radio series last summer. This has just been published as a book entitled "No, Minister." Appropriately, this is complimentary to the caricature provided in the television series "Yes, Minister."

"No, Minister," asks a series of questions about the working of the civil service: "Is it too powerful? Is it too big? Are civil servants incompetent? Are they unaccountable? And who are the masters now?"

The answers, as Young and Sloman concede, are tentative rather than clearcut. They depend on the strengths and weaknesses of individual Ministers and officials and on what Ministers demand of officials as much as what they receive in return.

A consistent theme is that there is a distinctive Whitehall culture (as also reflected in Heclo and Wildavsky's "Private Government of Public Money"). Whitehall prizes the sober virtues of discretion, judgement, civility and fluency. Initiative and radicalism are less obvious ways to the top.

The result is, perhaps, that the mandarins have an instinctive preference for continuity rather than change, creating a powerful hurdle for any minister eager for radical action. But the barrier is not insuperable, as shown in the changes achieved by Mrs Thatcher. And officials have at least half a case in arguing that all they are doing is putting "reality" in front of Ministers who may not have fully thought through the implications of their policies.

Another feature of the distinctive Whitehall culture, especially in the Treasury, is an attitude almost of monasticism. There is a sense that it is only the civil servants who keep the show on the road in face of the caprices of Ministers, Commons committees, pressure groups and, not least, the Press.

All this adds up to the feeling of exclusion from business, from politics and from much of the outside world. Admittedly, much has happened in recent years to promote a wider view with contacts and exchanges between Whitehall and elsewhere. But an outsider is still left with the impression of a career structure which, though with many valuable features, restricts options and perspectives for many officials from their early twenties.

The fact that there are no obvious solutions does not rule out change at all. In a review in yesterday's issue of The Listener, Mr William Rodgers of the Social Democratic Party, says he agrees with the comment of Mr Peter Walker, the Minister of Agriculture, as quoted in the book, "about the need to promote high flyers more rapidly to the top."

"I would like to see young civil servants seconded as research assistants to MPs, because too few officials have an instinct for parliament and the political process. I would welcome much greater recruitment to the Civil Service, either on secondment or a permanent basis, of those who have begun their careers risk-taking in industry, commerce and the City.

"Governments, ministers and civil servants alike, are least at home in dealing with the partnership between Whitehall and the wealth-creating world of business."

Perhaps the last word should go to Sir Patrick Nairne, who retired last year as permanent secretary to the Department of Health and Social Security. In a suggested conclusion to the book, he said: "Only when Ministers are determined to pursue new and perhaps radical policies—challenging the arguments of reality and continuity in the process—will the politicians exercise real power and be effectively on top.

"The promotion of policy change is the principal challenge of politics. We want good civil servants to identify the factors of reality, and to make clear any disadvantage of dis-

Sir Patrick Nairne: "principal challenge of politics"

continuity; but, even more, we want good politicians who will be determined, clever, and if necessary cunning enough to harness the intellect, energy and imagination of civil servants to the task of overcoming the obstacles which too cautious a view of reality, or too great an emphasis on continuity, can sometimes place in the path of the Government."

Sir Patrick will be able to test out his theories since he has just been appointed a member of the Franks committee of inquiry into the Falklands crisis.

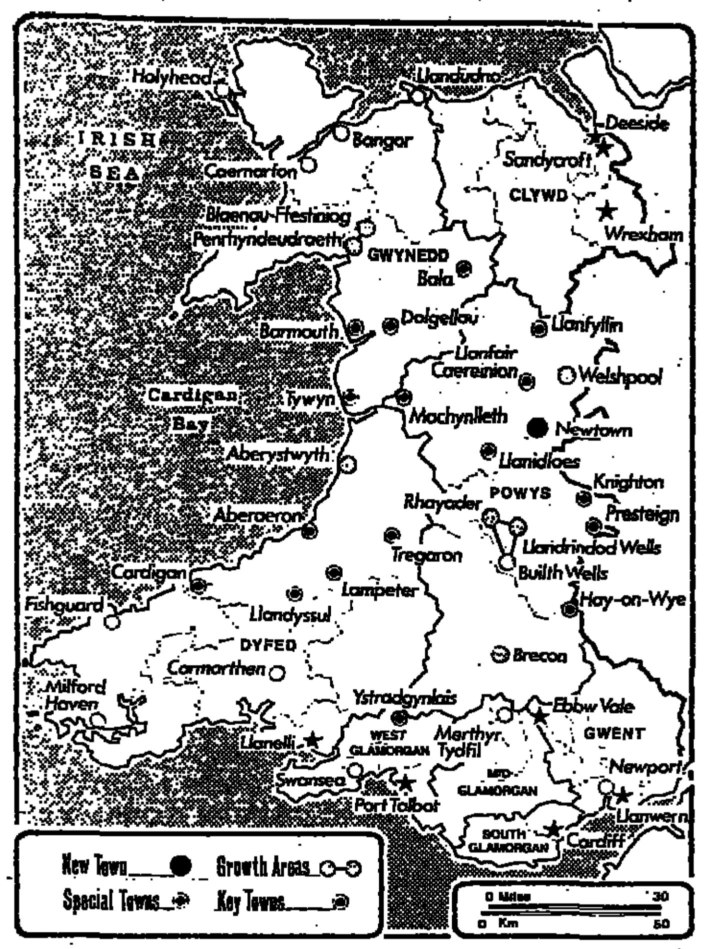
*"No Minister" by Hugo Young and Anne Sloman, BBC publications, £4.75 (£3.50 paperback).*

FINANCIAL TIMES SURVEY

Friday July 9, 1982

# Wales

Some rays of economic sunshine are badly needed in Wales, to provide more jobs and if industry is to profit from the productivity gains made in the last three years.




*Locations marked by a black star are areas where the Welsh Development Agency has been undertaking new industrial estate and advance factory building programmes, arising from the steel industry cutbacks. The symbols in Mid-Wales indicate centres for growth being encouraged by the Development Board for Rural Wales.*

CONTENTS



This survey was written by Robin Reeves, Welsh Correspondent

## Waiting anxiously for the upturn

**WALES is anxiously awaiting an economic upturn. *Exactly three years ago this month,* the British Steel Corporation announced that iron and steel making was to ènd at its Shotton Deeside plant, in North Wales. This signalled the opening of a new era of major cutbacks and redundancies which has continued, with few interruptions, ever since.**

The latest major blow came only last month. BP Chemicals announced that 1,100 jobs are to be axed at its Baglan Bay and Barry plants — as part of the major rationalisation plan worked out with ICI to try to restore equilibrium to the chemical market. Yet, not long ago, BP used to boast privately that it was the most secure employer in South Wales—the long-promised recovery is proving very elusive.

It is true that unemployment in Wales is no longer rising as rapidly as it was. Indeed, whereas initially the rate of Welsh unemployment surged proportionally ahead of the rest of Britain (the level is always up to 50 per cent above the South-East of England), thereafter the English regions have been tending to rise more rapidly.

It is also one of the ironies of the situation that the Government was being warned by the Commons Welsh Affairs Select Committee, two years ago, that it risked provoking "serious social disorder in Wales" unless it acted forcefully to reverse the increasing tide of joblessness arising from the steel rundown.

In the event, the riots which spread like a bushfire through the English cities last summer, passed Wales by—providing concrete evidence that the Principality is a more peaceful society than even some of its own politicians give it credit for. It remains an interesting subject for sociologicial speculation.

Perhaps the reasons is that unemployment is not a new experience in Wales and, although Welsh communities are economically deprived, they are longer-established and hold together better in difficult economic and social conditions.

Even so, with 166,000 out of work (that is a jobless rate of nearly 16 per cent and still rising), black spots of up to 30 per cent and more, and a growing army of long-term unemployed, there is a major problem.

Some rays of economic sunshine are badly needed, not only to start making a dent in the unemployment statistics, but also simply to allow Welsh industry to start profiting from the major productivity gains which have undoubtedly been chalked up in the past two to three years.

Despite the recession and poor immediate prospects, many companies throughout Wales have invested sums they could ill afford at painfully high interest rates, ready for the upturn. They feel in need of a "break."

Nowhere is this more true than in the steel industry. The productivity gains at BSC's Llanwern and Port Talbot steelworks have won national and international acclaim. Yet the level of orders is such that there is now fresh speculation that BSC may be forced to contract its steel-making capacity still further, and that one of the two major Welsh plants may still be the fall victim. (The alternative target, Ravenscraig in Scotland, has not improved its performance by anything like the same extent. But its closure would leave Scotland without any significant steel-making capacity.)

A taste of things to come may be the loss of more than 300 jobs at BSC's Panteg stainless steel works, announced last week.

### Shadow

Steel's difficulties, in turn, are casting an even darker shadow over the South Wales coal industry, for whom BSC represents the most important customer, after the Central Electricity Generating Board.

Added to the effect of the recession on electricity demand, the high cost of stockpiling coal, and the difficult working conditions in South Wales, it is already clear that the coalfields' losses in the past financial year have topped the £100m mark and revived the spectre of pit closures.

The promise of more buoyant economic conditions would not only help these two basic industries. They would also help rebuild confidence and margins in other hard-pressed sectors of the Welsh economy, such as motor components, plastics, chemicals and even microelectronics.

The days are over when microelectronics sector was growing so fast that it was immune to the general economic climate. *Inmos's manufacturing plant at* Newport, Gwent, is now nearing completion as scheduled, but this National Enterprise Board project will require a further £5m to £10m on top of the £50m invested so far.

Service industries have also been feeling the pinch, notably tourism — an important economic activity in many parts of Wales.

Last year income from tourism actually fell, reflecting the stiff competition from the overseas package tour trade, the stronger pound which has also made Britain less attractive to foreign tourists, and the steep rise in unemployment in the Midlands and North-West of England from where Wales has traditionally drawn a significant section of its tourist business.

There is still ample scope for tourist growth, particularly in the short break and second holiday markets. But it needs the right investment and marketing to fulfil its potential.

The onset of a recovery would also help Wales to reap the benefit from the major investments which have been undertaken in the industrial infrastructure by the public sector during the recession.

The Welsh Development Agency has been particularly busy. In the past 12 months, it has completed more advance factories than in the whole of the previous five years of its existance. This is as the special crash programmes of industrial estate and advance factory development undertaken in the wake of massive steel job losses, come to fruition.

Inevitably, the WDA's stock of unlet premises has been rising—from 7 per cent to 14 per cent over the past 12 months—but when set against a total portfolio of 20m sq ft of factory space, and the economic climate, this percentage is regarded as reasonable: particularly in view of the fact that the WDA's vigorous marketing efforts, notably on television in the South-East of England, have succeeded in letting a record 1.5m sq ft in 1981-82—no mean achievement during a recession.

### Requirements

Even so, the average size of company locating in Wales these days is smaller than it used to be. Whereas the redundancies tend to be measured in hundreds, the new jobs come in tens. Today's small company may turn out to be tomorrow's major employer—and the WDA has just launched a venture capital subsidiary, Hafren Investment Finance, to try to spot such companies—but all businesses require a buoyant economy to grow and expand.

Continuing uncertainty over the economic outlook has, in the meantime, slowed the influx of overseas companies into Wales, to a trickle.

Certainly, the Development Corporation for Wales — responsible for Welsh industrial promotion overseas—has been processing more inquiries than ever before from companies looking at Wales as a possible EEC manufacturing base. But obtaining definite commitments is proving exceptionally difficult.

By far the biggest project in this respect is, of course, of the Japanese Nissan Motor Company's plan to establish a UK assembly plant, promising ultimately some 10,000 new jobs. No less than three of the five short-listed sites are in Wales—one alongside Llanwern Steelworks, Newport, Gwent; another between Cardiff and Newport; and the other at Deeside, in North Wales.

But a definite go-ahead for this project looks no nearer than it did 18 *months ago, when* news of the possible investment was first received. Indeed, the prospect could disappear altogether because of fears of the effect on the Midlands motor industry and upon British component producers.

Probably nobody in Wales has staked his political reputation more on an economic upturn being forthcoming than Mr Nicholas Edwards, the Welsh Secretary of State.

Throughout his tenure at the Welsh Office, he has publicly backed the *Laissez Faire* thrust of the Government's policies, even when they have hit Wales hard. But thereafter, he has fought to ensure that Wales receives the funds necessary to improve its industrial infrastructure and so attract tomorrow's growth industries.

He has led several Development Corporation missions to the U.S. and Japan to search out such companies and encourage them to come to Wales.

In the absence of an upturn soon, Mr Edwards' political opponents will start to attack his strategy, as "threadbare." He needs soon to be able to point to some tangible pay-offs for all the industrial shake-up and social pain of the past three years.

Yet, news such as BSC's renewed difficulties are pointing in exactly the opposite direction —towards more stringency and *retrenchment.*

In short, Wales is still anxiously awaiting an upturn.

Fresh initiatives by the Welsh Development Agency and the Development Board for Rural Wales.

# Plans for regional development

THERE was a joke going round Wales in the mid-1970s that you needed to be a Scotsman to get a top job in the Principality. It was started by the appointment of two Scotsmen to run the new regional development bodies then being created by the Labour Government — the Welsh Development Agency and the Development Board for Rural Wales.

The first, Ian Gray was no stranger to Wales or to the size of the task before him when he was appointed chief executive and managing director of the WDA. As head of the Industry Department's Welsh Office in the 1960s. He had been closely involved in the work of attracting new industry to replace the thousands of jobs being lost in the Welsh coalfields through pit closures. Returning to Wales after a few years with Skelmersdale New Town Corporation, Mr Gray threw himself into the task of building up an institution which could make a lasting contribution to the Welsh economy.

It required no mean political skill. On one side was a hostile Conservative Opposition, deeply suspicious of an interventionist body created by Mr Tony Benn, when Industry Secretary. On the other were the trade union movement and the Left who wanted a WDA which intervened to a maximum in the Welsh economy.

Ian Gray has managed to retain the confidence of two sets of political masters. Only last year, both sides of the Commons paid warm tribute to his management of the agency in a Welsh Grand Committee debate on the WDA.

The fact is that in spite of running a public sector intervention agency, he is also an enthusiastic believer in the disciplines and rewards of the market economy and the value of the entrepreneur. He has regarded the agency's task as creating and nurturing an economic environment and infrastructure in which private enterprise can flourish and so create a more balanced and diversified Welsh economy.

Dr Iain Skewis, managing director of the Development Board for Rural Wales, arrived at the DBRW's Powys headquarters with a wide experience of the problems involved, acquired at Scotland's Highland and Islands Development Board and the Yorkshire and Humberside Development Association.

He quickly gathered a team which, over the past five years, has been tackling the economic and social weaknesses of mid-Wales with unparalleled energy, enthusiasm and commitment. Indeed, the board made so rapid an impact that, in 1979, the incoming Conservative administration felt obliged to drop its original plan to place the DBRW under the Welsh Development Agency's control. It has not only kept its independence, but this year Mr Nicholas Edwards, Welsh Secretary of State, paid particularly warm tribute to its work on the board's fifth anniversay.

Iain Skewis's persuasive message has been that mid-Wales is a unique industrial location with strengths and weaknesses which are quite different to those of other parts of Wales or the UK. Under no circumstances therefore should the region be lumped in with Cardiff and the industrial valleys but should be left free to market its own qualities.

To this end, there has been a steady stream of imaginative ideas for selling mid-Wales to the incoming industrialists. This March, for example, the DBRW has been running an exhibition train to centres around Britain to explain the benefits of the "mid-Wales" experience to those who would like to come and take advantage of it as either small businessmen or tourists.

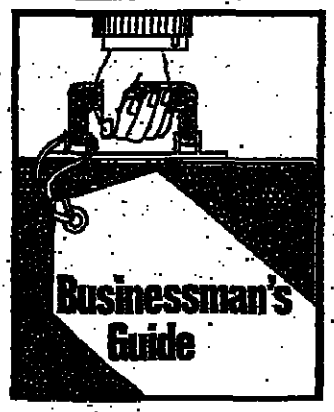
At the same time, the board has been anxious to encourage growth from within. New enterprise courses in association with the Manchester Business School for those who aspire to own their own companies are only one of a wide range of methods being tried to rear a generation of entrepreneurs. Other schemes include help for village shopkeepers to improve their business management and sales missions for small companies in mid-Wales to major exhibitions.

A measure of the success of Iain Skewis and the DBRW team is that in a recent survey many local companies gave the backing provided by the DBRW as one of the big advantages of operating in mid Wales—though it was not actually an option on the survey questionaire.

Iain Skewis's main worry of late has been the Government's intention, announced three years ago, of phasing out assisted area status of large parts of the DBRW's operating area, altogether, from August 1, this year.

Mid-Wales generally lost out because the main review yardstick was unemployment, whereas this region's main problem has been sparsity of population and a comparative lack of amenities.

The Government, despite strong pressure, has just decided not to change its announced policy, but, as compensation, has given the DBRW the power to make discretionary grants — up to a total of £350,000.



## Businessman's Guide

USEFUL ADDRESSES for the businessman in Wales include the following:

● **Welsh Office Industry Department**
Government Buildings,
Gabalfa, Cardiff CF4 4YL.
Tel: (0222) 62131
Telex: 498267
Answer code: WOCARD G.

The Welsh Office Industrial Department offers selective financial assistance; interest relief grants; removal grants; rent-free period in WDA/DBRW factories; loans from European Investment Bank; contact for loans from European Coal and Steel Community.

Other assistance is offered on allocation of factories; export promotion; government contracts preference scheme; energy conservation.

● **Welsh Development Agency**
Treforest Industrial Estate,
Pontypridd,
Mid Glamorgan CF37 5UT.
Tel: Treforest 2666
Telex: 497516
Answer Code: WELDEV G

The WDA offers assistance on equity capital; commercial rate loans; small business loans (reduced rate of interest in some areas); industrial sites and factories (bespoke and advance) for sale or rental in North and South Wales; there is also a business advisory service; and a small business unit.

● **Development Board for Rural Wales**
Ladywell House,
Newtown, Powys SY16 1JB.
Tel: (0686) 26965
Telex: 35387
Answer Code: DVBDRW G

The board offers assistance on loans up to £50,000 (commercial rate) in Mid Wales; small business loans (reduced rate of interest); industrial site and factories (bespoke and advance) for sale or rental in Mid Wales; there is also a business advisory service; and key worker housing in Mid Wales.

● **Manpower Services Commission**
Companies House,
Maindy, Cardiff CF4 3UU.
Tel: (0222) 388588.

Employment Services Division: Jobcentres and employment offices; advice on recruitment.

Training Services Division: Skillcentres for training. Provision of instructors and special courses.

● **Development Corporation for Wales**
Pearl Assurance House,
Greyfriars Road,
Cardiff CF1 3AG.
Tel: (0222) 371641
Telex: 497190
Answer Code: DEVCOR G

The corporation offers coordination of information on all aspects of industrial development; introduction and visits to all relevant organisations; it is also the official overseas promotional body for Wales.

● **EEC Office for Wales**
4, Cathedral Road, Cardiff.
Tel: (0222) 371631
Telex 497727
Answer Code: Europa G

More assistance from Brussels.

# Links with EEC strengthened

IN CONTRAST to the Republic of Ireland, just across the water, there was no great enthusiasm in Wales for joining the European Economic Community, nearly 10 years ago.

Many vocal opponents of membership argued that Wales's peripheral position within the UK would become even more exaggerated and make the task of strengthening and diversifying the Welsh economy that much more difficult.

Even so, when it came to the 1975 Common Market referendum, Wales, along with the rest of the UK, voted by a comfortable majority in favour of remaining within the EEC—despite the campaigning opposition of many in Wales, including the Labour Party, the Welsh TUC and Plaid Cymru.

Although the relationship continues to be a controversial one, the links between Wales and the EEC have been growing apace ever since.

According to figures given last month by the Welsh Office to the House of Commons' Welsh Affairs Select Committee, identifiable grants and loans to Wales from Brussels (up to March 31, this year) totalled £925.65m.

Welsh industry and local authorities have been in a position to qualify for most of the loans and grants available through the EEC's varied range of financial instruments.

But Welsh demands on Brussels have also been stepped-up by the crisis in the European steel industry.

ECSC loans and grants account for more than a third of the total Welsh EEC aid, as the financial instruments have been mobilised to help cushion and rebuild the local economies of communities hit by massive steel redundancies.

The assistance has ranged from income subsidies (to soften the blow which many steelworkers suffered after losing their jobs) to soft loans for companies willing to invest and provide new job opportunities in steel closure areas.

In the past year, the Welsh Development Agency has been appointed agent for ECSC soft loans, as well as being agent for the Industrial and Commercial Finance Corporation (ICFC) and has been marketing these facilities vigorously.

More recently, the EEC Commission and in particular, the Welsh-born Commissioner for Employment and Social Affairs, Mr Ivor Richard, has been anxious to play an even more direct role in promoting new job opportunities.

EEC grants have been made available for workshop schemes and other starter units. The EEC Commission has told the Welsh Office it is prepared to match the Government funding being sought by the Welsh TUC for a Workers' Co-operative Development and Resource Centre—a project inspired by the Mondragon co-operative experiment in the Basque Provinces of Northern Spain.

Another recent development is the launching of an EEC-backed wages subsidy scheme in the three rural Welsh counties of Gwynedd, Dyfed and Powys. Under the scheme, companies employing fewer than 25 persons which are willing to expand can claim 30 per cent of wages of the extra employees for six months, part of which will be paid for by the EEC Social Fund.

Encouraged by this scheme and the benefits which industrial Wales has secured from EEC sources, the three rural counties have also recently made a joint submission to Brussels which sets out the economic, social and cultural problems of the region. It is hoped that this will provide a framework for further EEC aid.

## Friction

Interestingly, as the Principality's links with the EEC have developed, there has been growing friction between local authorities and the Welsh Office and Whitehall. An immediate point at issue is the Government plan to phase out the Intermediate Area status of large parts of rural mid-Wales at the beginning of next month, thereby barring those areas from receiving EEC assistance, as well as national aid, and making the work of the Development Board for Rural Wales significantly more difficult.

Rightly or wrongly, the Community is only prepared to assist areas which are also regarded by their own governments as having special problems.

The point is being increasingly emphasised, however, that the European Community is about more than simply securing cash aid from Brussels. In the context of the Labour Party's hopes of withdrawing from the EEC, if Labour should win the next general election, the CBI has launched a campaign to stress that a significant slice of Welsh industry is now geared to supplying the EEC market rather than simply the UK alone. This is particularly true of foreign-owned companies.

According to the Welsh Office, EEC membership has been a key factor in location decisions by overseas companies and has prompted a definite quickening in the pace of inward investment to Wales, notably by U.S. and Japanese companies.

Since 1973, around 60 foreign manufacturing companies from outside the Community have established units in Wales. These developments promise eventually to provide 11,000 jobs.

The Welsh Office comments: "Over one-third of these companies indicated spontaneously that their aim was to serve the wider Community market and there is no doubt that this was also a powerful factor in many of the other investment decisions."

On the other hand, the Welsh Office also concedes that EEC entry has not led to a great deal of investment in Wales by European companies.

Key industrial sectors faced renewed pressures of cutbacks and redundancies.

# Critical time for steel and coal sectors

STORM CLOUDS are once again gathering over the steel and coal industries of Wales, despite the dramatic and widely acclaimed improvements in the efficiency and productivity of both sectors during the past two years.

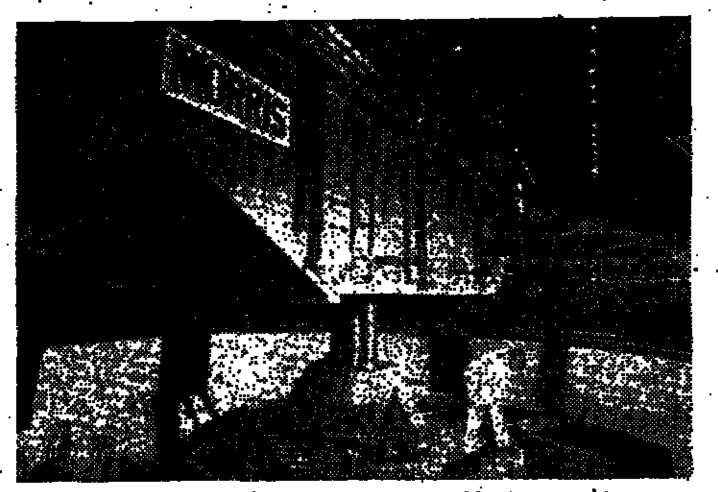
In the steel sector, there are fresh warnings of further redundancies and possible plant closures, in order to bring the British Steel Corporation into profit, as the steel order book has sharply declined.

In the coal sector, financial losses sustained by the South Wales coalfield are reported to be at record levels. The miners have been told by union leaders to brace themselves for a possible further showdown over pit closures.

It is not always widely appreciated that the scale of the cutbacks in the Welsh steel industry over the past four years is bigger than anything that has happened within the industry in Europe. The cutbacks began in 1978 with the outright closure of East Moors Steelworks, in Cardiff, and the ending of iron and steelmaking at Ebbw Vale.

A year later, with Conservatives in power, measures were announced to halt the drain of BSC's losses on the public purse; this meant the end of iron and steelmaking at Shotton Steelworks in North Wales, creating more than 7,000 direct redundancies — the biggest single job loss in Britain since World War Two.

Before the year was out, BSC was seeking a further 11,000 to 15,000 redundancies at Port Talbot and Llanwern in South Wales, under its "slimline plan" to bring manning at both works down to internationally-competitive levels.



The rotor of one of six 300 MW generators being positioned at the CEGB's Dinorwic power station under construction in North Wales. When completed, this underground facility will be the largest pumped storage power station in Europe

## Jobs lost

Within 12 months, another 5,000 jobs were being axed at Welsh steel and tinplate plants under the "survival plan" of Mr Ian Macgregor, the incoming BSC chairman. Now there is talk of a further 10,000 redundancies.

It is a measure of the transformation which has taken place in the productivity of the Welsh steel industry that Llanwern has been highlighted in a Conservative Party Political Broadcast as one of the success stories of the Government's economic policies.

In the financial year which ended in March, Llanwern steel production totalled 1.8m tonnes just short of the record output achieved in 1971-72. Yet the workforce, at 4,446 employees, is less than half the number it was only two years ago.

Quality has also improved. Llanwern sheet steel has been selected for key parts for the Metro after a Europe-wide hunt by BL Cars for the best steel available.

So far, Port Talbot has not been quite able to match Llanwern's performance, but it is about to reap the benefit of a £100m investment in continuous casting facilities. Once commissioned, Concast has the capacity to reduce Port Talbot's production costs by a further 25 per cent.

Port Talbot recently won an order for 10,000 tonnes of semi-processed steel from Kaiser Steel of California—hopefully, the first of many orders, as well as being firm evidence of its international competitiveness.

Wales can reasonably argue that its steel plants have done everything the Government has demanded on behalf of the taxpayer. And it could claim, that, if, because of a permanent contraction in the steel market, the closure of one of BSC's three strip steel plants is likely, then on performance grounds, the victim should be Ravenscroft in Scotland. Furthermore, some 80 per cent of BSC's finishing plants are in Wales.

But Wales is equally aware that, ultimately, the decision will be a political one—and the closing of one of two Welsh plants may be regarded as easier than shutting Scotland's only plant.

Despite its record, Llanwern still feels the more vulnerable because, unlike Port Talbot, it does not have Concast or its own deep water harbour.

In the meantime, the decline in steel demand is adding to the worries surrounding the Welsh coal industry. The steel cutback of two years ago reduced the market for Welsh coking coal by more than 50 per cent, as steel output was halved and BSC switched to supplying Port Talbot exclusively with cheaper imported coking coal.

Since then, Port Talbot has resumed taking some Welsh coal, but prices are relatively low and the demand from power stations is also down as a result of the recession and the decline in electricity demand. Coal exports have been stepped up to the Continent, simply in order to keep stocks manageable and improve cash flow.

The net result is that the South Wales coalfield deficit in 1981-82 is expected to top the record £100m mark when the figures are released later this month. This will bring renewed presure for further pit closures, early retirement and redundancies among the 24,000 miners of the region.

The signs are that a confrontation could be avoided if fresh investment in productive pits is promised, in exchange for the closure of the biggest loss-makers. Although the South Wales miners led the wildcat strikes against the NCB's closure list, 18 months ago, they have since agreed to three closures. They would undoubtedly agree others, if given, in particular, a go-ahead for the Margam superpit.

This is a £200m project to exploit the last remaining major reserve of coking coal left in the UK. From 1990 onwards, it would yield 1m tonnes of coal a year for at least 50 years. But it has to be noted that the present climate for a decision in favour of Margam is hardly auspicious.

# WALES III

## New Gwent factory project

**SITE reclamation work is nearing completion on Torfaen Council's successful Pontnewynydd Industrial Estate (right) at Pontypool, Gwent, where the borough council is completing the 35-acre estate with 27 small factory units, totalling 40,000 sq ft.**

**The council is investing £700,000 on the factory site expansion. Torfaen's wages subsidy scheme, claimed to be the first to be introduced by a Welsh council, is expected to be a strong attraction for new businesses to the site.**

**The council is offering a 30 per cent wages subsidy on each job created by manufacturing companies for unemployed or redundancy-threatened people. The scheme swiftly attracted businesses to other sites at Abersychan and Gwenallt.**

Further industrial diversification in the county of Clwyd

# County attracts foreign manufacturers

TETRAPAK RAUSING, the Swedish packaging company, opened its Wrexham plant in September, 1980. It was the fourteenth factory to be established outside Sweden by Europe's largest manufacturer of laminated papers and carton packaging systems for milk, fruit juices and beverages.

Although Tetrapak had its own sales organisation in the UK for 25 years, it was still uncertain of the market growth potential and promised no more than 70 jobs.

The company opened a second production line, last month, bringing its total investment at Wrexham to more than £22m. The job level has risen to 235, in three shifts.

The plant is now working flat-out to meet a demand for its packaging system which the company says is growing at a rate of 30 per cent a year.

Tetrapak is just one of a number of overseas companies which have moved into the county of Clwyd, in the north-east corner of Wales and, in spite of the recession, are now enjoying expansion.

Less than a mile away, the U.S.-owned Continental Can Company, part of the largest packaging group in the world, has also expanded its facilities since it first decided to enter the UK beverage can market by establishing a £25m plant at Wrexham.

Next door, Kellogs (which came to Wrexham in 1977) has been recruiting recently for an additional production line.

Also in packaging, Metal Box's Wrexham plant has been in the forefront of the rapidly developing market for large polyethylene-erephthalate (Pet) plastic bottles for carbonated alcoholic and soft drinks. The demand has grown from virtually nothing in 1978 to an estimated 200m units last year; a one-litre bottle production line has recently been added to the popular 1.5 and two-litre sizes.

Further west of the county, Hotpoint is putting the finishing touches to its new washing machine facility, near Rhyl.

Despite the more difficult economy, more new investment is taking place in the county than ever before, says Mr Wayne Morgan, Clwyd's industrial development officer.

### Progress

During the past five years, no less than 240 new manufacturing enterprises have set up within the county's boundaries. The nature of industrial investment these days tends to be more capital intensive and less labour intensive. With the labour force still growing and redundancies still occurring unemployment has therefore continued to rise.

Clwyd's jobless rate is not far off 20 per cent at present, the highest level of any county in Wales. Yet unemployment is not endemic to this part of the world.

Until the mid-1970s, the local economy's major stakes in coal, steel, textiles, aerospace and heavy engineering, resulted in a strong net immigration of people into the county.

But of those industries, only aerospace is currently prospering. British Aerospace's factory at Broughton builds the HS-125 executive jet and is closely involved with the highly successful Airbus.

Clwyd . . . 240 new manufacturing enterprises in the county in the past five years.

Pilkington's avionics subsidiary is at St Asaph in the west of the county. But the once large coalfield in North Wales is now down to two collieries; Courtaulds' radical retrenchment policy has decimated employment in Clwyd's once large textile industry; while steel has suffered the biggest single redundancy of any plant in Britain.

The shutdown of iron and steelmaking at the British Steel Corporation's Shotton works, two and a half years ago, resulted in over 7,000 redundancies.

Since then, a further 1,000 jobs have gone from the plant, but its remaining finishing mills and coatings complex for strip steel has been breaking production records recently.

Coal and steel are also the basis for two particularly interesting developments planned within the county. Point of Ayr colliery has been selected as the site for the National Coal Board's oil-from-coal pilot plant.

The project, which will cost £50m has suffered a setback because of the sudden withdrawal of BP from the financing consortium. But the NCB remains keen to go ahead and the Government has just announced it will re-examine the project.

Near Mold, a newly-formed company, Mixallo, is manufacturing metal strip alloys from metal powder, using a new technology developed by BSC at Shotton (just before the rundown) and now licensed to the company.

Because of the scale of the Shotton redundancy, the Government agreed to upgrade the "assisted area" status of Deeside to "special development area," along with Wrexham, and to make £15m available as special aid for industrial estate development, advance factory construction, and other infrastructure improvements.

At the centre of the county's industrial diversification programme has been the Welsh Development Agency's Deeside Industrial Park, situated alongside the Shotton steelworks site.

It now has 541,500 square feet of factory space either completed or under construction and has already attracted some highly prestigious projects. They include the titanium granules plant being developed by a consortium of Royal Dutch Shell, IMI and Rolls-Royce, the BICC—Corning Glass joint venture to produce optic fibres for the communications industry and, more recently, Kimberley-Clark and Squibb Surgicare.

The latest news is that United Paper Mills, Finland's biggest paper group, may build a £122m newsprint mill at Shotton. A decision will be made at the end of the year.

In the longer run, a number of smaller developments may prove equally important, if they succeed in breeding a new generation of major industrial employers in the future.

For example, Wrexham Borough Council, with Welsh Office and EEC financial help, has just put the finishing touches to a £4m high quality redevelopment of a former Rubery Owen factory complex.

The 16-acre site—the Whitegate Industrial Estate—is offering units from 500 square feet to 40,000 square feet.

All are fully serviced and the entire site is protected by a 24-hour security system. The specific aim of the venture is attracting high value, new technology, young enterprises with strong growth potential.

Clwyd County Council has already had notable success with the development of purpose-built workshops, called Pinfolds—an old English term for a protected compound for stray animals. The first pinfold offered 34 nursery units, ranging from 250 square feet to 1,000 square feet, plus experienced management advice, on-the-spot; all but four units have been let to aspiring entrepreneurs.

Welsh Office backing has just secured for building another pinfold, this time at Rhyl, which will provide accommodation for another 18 workshops and 245 new jobs.

**Back in the news again: the AB Electronic Products Group.**

# Another success for electronics company

THE AB Electronic Products Group has stolen the headlines twice in recent weeks. Last month it announced the purchase of Cleartone Electronics from the receiver for £250,000. This is a rescue which will help maintain the supply of Acorn microcomputers, chosen by the BBC for its computer literary project and manufactured by Cleartone.

Then, at the beginning of this month, AB announced it had secured a multi-million pound contract to supply electronic control systems for the next generation of Jaguar cars.

Both announcements reflect credit on a Welsh-based company which was in the electronics manufacturing business long before electronics became a household word.

AB Electronics Components, as it used to be called, moved down to South Wales from Hounslow in 1950 because its original factory was being demolished to extend a Heathrow runway. The Board of Trade persuaded what was then a family-owned business employing only 100 people to transfer to a 25,000 sq ft wartime shadow factory at Abercynon, in the heart of Glamorgan coalmining valleys.

The family itself was not keen to leave London and within a few years the business was sold to a holding company. But this did not work out and by the early 1960s, when Mr Henry Kroch, the present chairman and managing director, took over the running of AB, it had just been floated off as an independent public company. His first objective was to reduce AB's reliance on the highly competitive consumer electronic components market.

The company's initial success has been built up on radio and then TV components. It manufactured mainly switches and variable transistors in very large quantities and therefore rock bottom prices for the 20 British TV manufacturing companies which made up the British television industry in the 1950s and early 1960s.

But Mr Kroch says it became a fool's game because consumer electronics was one of the industries used by successive governments as a regulator for the economy. "There were 47 fiscal changes affecting credit terms in 25 years, making it impossible to plan economic production. One minute we had surplus capacity because of credit restrictions and insufficient capacity the next, as credit was eased."

This boom and bust environment, Mr Kroch says was an important reason why first the Japanese and then other Far Eastern producers gained a foothold in the UK market and then proceeded to gradually take it over almost completely.

### Diversifying

So Mr Kroch began a policy of diversifying into the production of components for other industries, and AB prospered. It expanded into three other government factories on the same estate and then bought the whole 23-acre site. Factories were opened in the neighbouring Rhondda Valley and then on the Continent, near Dortmund, West Germany. Components were being supplied in particular to the rapidly developing data processing industry with IBM becoming AB's biggest customer.

In 1977, the company changed its name to Electronic Products Group. The change represented more than just fashion. AB's board decided to reshape the company's activities by gradually moving away from just making components into two "upmarket" sectors—electronic instrumentation and electronic systems.

Towards this end AB soon acquired an electronics systems company in Camberley, Surrey, which was in the hands of the receiver and proceeded to put it back on its feet. Today Kenure Developments is a successful subsidiary venture, producing electronic systems for the defence and aerospace industries and for the Post Office.

Two years ago, AB purchased another company from the receiver, this time in the Isle of Wight. Electronic Systems (IW) was reorganised and is now again doing well under the direction of the top management at Camberley. AB has also recently opened an Austrian subsidiary specialising in the manufacture of thick film microcircuits.

Thus, the Cleartone acquisition is very much in line with the company's longer-term strategy. And Mr Kroch also has good reason to be confident that AB has the management expertise required to turn Cleartone around.

It has not been all plain sailing for AB itself. The recession forced the company to move out of its traditional components business more rapidly than it had originally planned. The workforce at its Welsh plants have been reduced by nearly 1,000 over two years, a cutback which Mr Kroch says was very distressing to him personally and which, because of high redundancy costs, pushed the company's belance sheet in to deficit.

But the Jaguar deal marks a turning of the employment tide for the company as well as a major diversification breakthrough. It will create 130 new jobs at Abercynon and boost group sales by at least £3m to £4m a year.

The precise nature of the new system is being kept secret. It is described as "an advanced electronic system of driver-operated controls." It was developed by AB at Jaguar's request and the motor company was so pleased with the result that it was awarded the production contract to AB as well.

But this is only one of a number of exciting irons that AB has in the fire. The company prospered in Wales in the 1950s and 1960s. It now shows every sign of doing so in the far more difficult climate of the 1980s.

The Parliamentary by-election in Gower is likely to have a decisive influence on Welsh politics.

# First test of views since 1979 referendum poll

THE IMPENDING by-election in the Gower constituency, near Swansea, promises to be more than of just passing significance. It is not just the first Parliamentary by-election in Wales for 10 years but, perhaps more important in the Welsh context, the first since the 1979 Devolution Referendum and General Election.

The blunt referendum rejection of the last Labour Government's plan for a devolved Welsh Assembly, followed two months later by the biggest Conservative vote in Wales for a century, were major shocks.

They brought to an abrupt end a decade in which the Welsh political agenda had been dominated by the pressures and influences of Celtic nationalism from Scotland, as well as Wales itself.

The Falklands conflict has already upset recent political calculations and—depending on when the by-election is called as no date has been set yet—may still exert a significant influence.

Nevertheless, Gower provides the *first opportunity for this Parliament* to test how a not-unrepresentative Welsh industrial constituency views the Government's track record over the past three years, plus the upheavals in Wales's traditional "national" party, the Labour Party, the rise of the Social Democrat-Liberal alliance, and the recent shift to the left of the Welsh Nationalist Party, Plaid Cymru.

After such a long period without a Westminster by-election in Wales, what is the current mould of Welsh politics, let alone whether the mould has been broken? The outcome is likely to have a decisive influence on the direction of Welsh politics in the run up to a general election and beyond.

On past performance, Labour should have no difficulty in holding the seat. At the last general election, Mr Ifor Davies, whose death last month is responsible for the by-election, had a majority of 10,641 votes, or 23 per cent over the Conservatives, in a four-cornered fight. But in 1979, the Tory vote was far higher than usual. In the previous 20 years, Mr Davies had enjoyed majorities which were half as big again.

The result may have been exceptional. But it is also the case that Wales's legendary allegiance to the Labour Party has been gradually weakening.

In March 1966, Labour held 32 of the 36 Welsh Westminster seats.

With the defection of three of its Welsh MPs to the Social Democrats, and the elevation of Mr George Thomas, MP, as Speaker, Labour these days is down to only 18 seats—half the earlier total. And apart from one MP in North Wales, Mr Barry Jones in East Flint, and Dr Roger Thomas in Carmarthen, Labour's representation in Wales is now confined to the South Wales industrial belt.

In these circumstances, Labour needs a Gower result which not only confirms that its Welsh heartland remains secure, but also that it can look forward to recapturing Welsh ground lost in the past decade.

There is no reason why its supporters should be frightened off by local factors. Although neighbouring Swansea featured in Labour's recent investigation into the activities of the Militant Tendency, Mr Alan Williams, Swansea West's moderate Labour MP, had no difficulty in securing his re-selection against a militant challenge.

Mr Gareth Wardell, the Labour candidate for Gower, who is a 37-year-old economic geography lecturer, is not a member of any faction and the Labour Party in Wales generally remains overwhelmingly in the hands of the moderate, old guard.

On the other hand, the Social Democratic Party needs to win Gower, or at least run Labour a close second, if the Alliance is to establish itself as a serious force in Welsh politics, as well as regain its momentum nationally.

Mr Gwynoro Jones, the SDP candidate, is already well known locally. He was Labour MP for Carmarthen between 1970 and October, 1974, and, at one stage, Parliamentary Private Secretary to Mr Roy Jenkins, one of the SDP founders. Mr Jones switched to the SDP shortly after failing to win the Labour nomination for Gower.

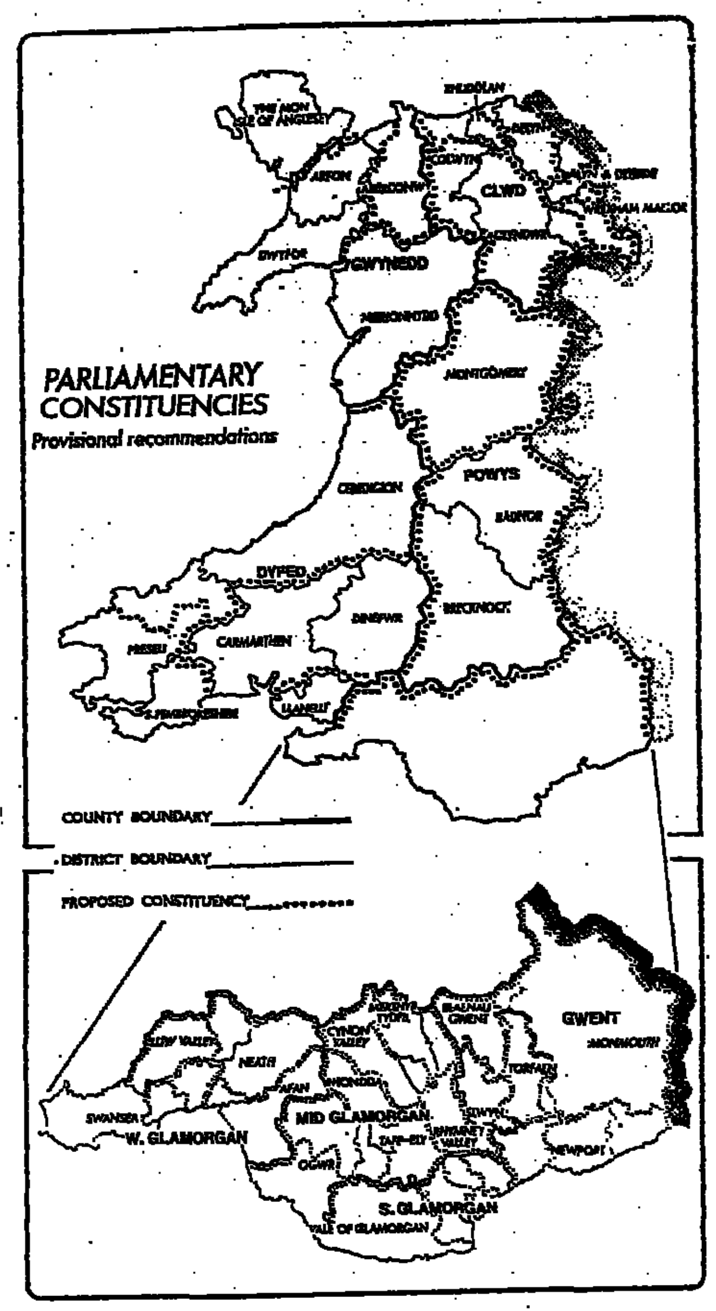
The Gower peninsula itself is a Conservative stronghold, but the constituency extends deep inland to the mining and industrial communities of the anthracite coalfield and the Swansea Valley—the kind of seat where a Conservative victory would have been regarded as unthinkable only a few years ago. But in 1979, Mr Trefor Llewellyn, a 35-year-old accountant who is also the candidate again this time, bumped up the Conservative share of the vote from 20 per cent to 30 per cent. This is a very solid base from which to mount a serious challenge and even win the seat, given that it will be a four-cornered fight.

It was the by-election campaigning skills of Plaid Cymru, the Welsh Nationalist Party, which gained the party its first Westminster seat in the mid-1960s—and came within an ace of unseating Labour in two South Wales valley strongholds, Rhondda and Caerphilly.

That was, of course, before the crushing "no" vote of the Devolution Referendum in Wales, which stopped the Nationalist bandwaggon in its tracks. In its efforts to recover momentum, Plaid has moved uncompromisingly leftward, with its annual conference last year adopting the setting up of a Democratic Welsh Socialist State as the party's objective—rather than simply self-government.

Should the new stance fail to have any impact, the right wing in Plaid may well seek a return to "traditional nationalist philosophy," creating the kind of conflicts which have broken out recently in the Scottish National Party.

But in the meantime, Plaid's political opponents retain a healthy respect for its capacity to mobilise its troops for by-elections and, in a seat like Gower, it could still have a decisive influence on the result.




## Revised recommendations from the Boundary Commission

THE boundaries (indicated above) for counties of Dyfed, Gwent, Mid Glamorgan, Powys and West Glamorgan are the revised recommendations of the Boundary Commission for Wales, announced yesterday, following the holding of local inquiries.

In Gwynedd and Clwyd, local inquiries have been held and revised recommendations will be made at a later stage.

A local inquiry affecting boundaries in South Glamorgan is due to begin next week.

WALES4CYMRU
Sianel Pedwar Cymru

# Rapid progress on Welsh TV channel

A NEW testcard is to be seen on television screens in many parts of Wales these days towards the bottom of which are the initials IBA: S4C. It represents the first visual sign on the screen at last of the major changes in Welsh television which are due to burst on to the screen this autumn.

S4C stands for Sianel 4 Cymru—literally, Channel Four Wales—a 22-hour per week television service in the Welsh language. The service will begin broadcasting in Wales 24 hours before the Channel Four service begins in the rest of the UK.

Seldom, if ever, can a television service have been the subject of such a long drawn out and fierce political battle.

It lasted more than a decade, involved dozens of Welsh language activists going to gaol for damaging TV transmitters, and only finally succeeded when the veteran Welsh Nationalist leader, Gwynfor Evans, threatened to go on hunger strike unless the present government kept its manifesto promise to *establish a Welsh channel*.

The upshot was the setting up by the Government of a Welsh Fourth Channel Authority, a statutory body with the status of the BBC and Independent Broadcasting Authority, to co-ordinate the Welsh language service on the fourth channel in Wales, around which it would also schedule the English Fourth Channel output being broadcast to the rest of the UK.

The new authority was faced with the formidable task of getting the new service on the air in less than two years.

The *Government showed some* wisdom in appointing Sir Goronwy Daniel as chairman. He was already uniquely experienced in the art of starting a major new enterprise from scratch having come down to Cardiff in 1964, from the Ministry of Power in London, to create and head up the Welsh Office as its *first Permanent* Secretary.

Soon after his appointment, Sir Goronwy told an askance Commons Welsh Affairs Select Committee that he did not know anything about television. But this was more than compensated for by the decision of Mr Owen Edwards, head of BBC Wales for the previous six years, to accept the challenge of the new channel and become S4C's Director and Chief Executive.

Rapid progress was also helped by the inclusion of the Welsh members of the BBC and IBA on S4C's governing authority, as well as the Principality's representative on the Fourth Channel board.

S4C will not produce its own material, apart from continuity inserts, but will schedule the Welsh service from three programme sources. BBC Wales will provide 10 hours a week, paid for out of the normal TV licence fee revenue, and at no cost to the authority.

### Challenge

THE BBC's contribution will include S4C's news service—an hour-long programme of local, national and international news in Welsh each night, a new challenge even for the BBC.

Wales's commercial contractor, HTV, will provide a further 7-9 hours.

After long drawn-out negotiations with S4C HTV has just *concluded a contract worth* more than £100m with the Welsh authority, covering the terms for programmes to be supplied over the eight years of its present broadcasting franchise from the IBA.

The deal also provides the collateral for HTV to go ahead with the construction of a major new studio complex at Culverhouse Cross on the outskirts of Cardiff. The company has already recently established new studio facilities at Mold, North Wales, and Carmarthen, West Wales, which will also aid programming for the new channel.

The remaining programmes for the S4C Welsh service will come from independent producers. One of the arguments used against having a separate Welsh service was that few independent producers, it was said, would be interested in making Welsh programmes.

In the event, there has been an explosion of new enterprises launched in many cases by experienced Welsh broadcasters who were simply waiting for the opportunity to have a go on their own. Others are not Welsh at all, but have found S4C easier to deal with.

At the last count, S4C had contracted programmes from over 30 independents and while it expects some to fall by the wayside, the foundation of a strong independent sector has been laid.

According to Sir Goronwy Daniel, independents are in the process of creating 300 to 400 jobs, many of them in rural areas.

One company, Barcud, has been established in Caernarfon, North Wales, with the help of the Welsh Development Agency, specifically to hire outside broadcasting equipment to independents. Its facilities are being described by the professionals as "the best outside London."

The BBC and HTV have also been recruiting heavily in order to gear up for the needs of *the new channel*. The BBC has taken over the former headquarters building of the British Steel Corporation's Welsh Division—a symbolic change of use, indeed, given the recent pattern of events in Wales.

### Method

S4C is being financed by a levy subscription on the commercial TV network negotiated with the IBA—the same method which has been employed to finance the launching of Channel Four UK. However, S4C is not in the position where it can look forward to being ultimately self-financing, because of the size of its audience. There are only some half a million Welsh speakers.

That said, S4C is determined to maximise earnings from merchandising opportunities—creating more jobs in Wales into the bargain—and from world-wide sales of its independent sector programmes, dubbed into other languages.

To this end, S4C has agreed an exclusive contract with Trans World International, the television subsidiary of the Mark McCormack marketing agency, and their joint endeavours in this direction have already produced a very encouraging response from the international television market.

*Above: St David's Hall, Cardiff, the national concert and conference hall which opens this autumn. Facilities include a 2,000-seat auditorium. Left: Channel Four Wales' announcers Rowena Jones-Thomas (seated) and Sian Thomas. The new service is due to reach the screens in autumn too*

# TELEVISION

## Tonight's Choice

The second helping of Noel Coward in a week A song at twilight, is the pick of a surprisingly strong nights viewing. It stars Paul Scofield as a Somerset Maugham character, a writer trying to live down his past, helped by Deborah Kerr. Earlier on the same channel, BBC 2, John Eatwell goes back to the 19th century to discover why the country is in an economic mess in **Whatever happened to Britain?** It is encouraging that historians reckon that the UK peaked around 1850. This is followed by **The sacred horses of Tamil Nadu**, which fits in nicely with the current Festival of India.

ITV matches this with a new series, **Rep**, about the fortunes of a small theatrical company at Lytham St Anne's in 1948 and **Simon and Garfunkel in Central Park**, the reunion concert of the dulcet voiced duo after an eleven year gap.

BBC 1 also weighs in with a new series, **Cagney and Lacey**, which looks like another attempt to sell an American female cop to a sceptical audience. The fact that this time there are two lady gunslingers might just tip the scales at 9.25. **Leap in the Dark**, the last of seven stories about the supernatural, will send many people nervously to bed at 10.15.

ANTONY THORNCROFT

### BBC 1

6.40 am Open University. 10.55 Cricket: Third Test. The Cornhill Insurance Test Series. England v India from the Oval. 1.05 pm News, Weather. 1.32 Regional News for England (except London) London and SE: Financial Report. 1.35 Bod. 1.50 International Golf: The State Express Classic from The Belfry. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Jigsaw. 5.10 Playhouse.

5.40 Evening News, Weatherman.

6.00 Regional News Magazines.

6.25 Nationwide.

6.50 Kopje — A Rock For All Seasons. Granite islands set in the Serengeti's rolling ocean of grassland.

7.40 It Ain't Half Hot Mum, starring Windsor Davis.

8.10 It's A Knockout from Lochgilphead in Argyll and Bute.

9.00 News, Weekend Weather.

9.25 Cagney and Lacey (new series). A film series about two women police officers.

10.15 Leap in the Dark.

10.45 News, Weather.

10.50 The Late Film: "Wild in the Sky."—starring Brandon de Wilde and Keenan Wynn (1972).

### BBC 2

6.40 am Open University.

10.30 Play School.

1.35 pm Cricket and Golf:

6.35 Laurel and Hardy in Helpmates.

6.55 Six Fifty-Five Special.

7.25 News, Weather.

7.30 Gardener's World.

7.55 Whatever Happened to Britain?

8.20 Bird Spot: Woodpeckers.

8.30 The Sacred Horses of Tamil Nadu.

9.00 Playhouse: A Song at Twilight; by Noel Coward.

10.25 Cricket: Highlights.

10.50 Newsnight.

11.30 International Golf: Highlights.

12.00 Open University.

### LONDON

9.30 am Dick Tracy Cartoon. 9.35 The Greatest Adventure. 10.25 Time Flies, starring Tommy Handley. 12.00 Winceys' Pets. 12.10 pm Once Upon A Time. 12.30 Sudden Change. 1.00 News. 1.20 Thames News. 1.30 About Britain. 2.00 Not for Women Only. 2.25 Racing from York. 3.45 Diff'rent Strokes. 4.15 Speedy and Daffy. 4.20 Dance Crazy. 4.45 Freetime. 5.15 Film Fun with Derek Griffiths.

5.45 News.

6.00 The Six O'Clock Show.

7.00 Winner Takes All, presented by Jimmy Tarbuck.

7.30 Magnum . . . The Jororo Kill, starring Tom Selleck.

8.30 Rep, starring Iain Cuthbertson, Stephen Lewis and Patsy Rowlands.

9.00 On the Line.

10.00 News.

10.30 Paul Simon and Art Garfunkel—the Concert in Central Park.

12.10 am *Rawhide . . . Incident* at the Buffalo Smokehouse, starring Clint Eastwood.

1.10 Sit Up and Listen.

**Because of the World Cup coverage programmes will be subject to alteration.**

**† Indicates programmes in black and white.**

**All IBA regions as London except at the following times:**

### ANGLIA

9.40 am The Amazing Years of Cinema. 10.05 Like as the Lute. 10.45 Poetry of Landscape. 10.55 Portrait of a Village. 11.20 Alphabet: the Story of Writing. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 3.45 Hands. 7.30 The Fall Guy. 8.30 Rep. 10.00 News at Ten, followed by Anglia Late News and Weather Forecast. †12.10 am Friday Late Film. 1.20 Indian Journey.

### CENTRAL

9.55 am Wild, Wild World of Animals. 10.20 Gardening Time. 10.45 *Fangface. 11.05 History of the Grand* Prix. 11.35 Thijs Van Leer. 1.20 pm Central News. 3.45 Three Little Words. 6.00 Central News. 12.10 am Central News.

### GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Call It Macaroni. 11.00 Thunderbirds. 11.50 The Adventures of Parsley. 1.20 pm North News. 6.00 Summer at Six and Area Weather Forecast. 6.35 Diff'rent Strokes. 12.10 am North Headlines and Area Weather Forecast.

### GRANADA

9.30 am An Outline History of Europe. 9.50 Stingray. 10.15 Last of the Wild. 10.35 The Beachcombers. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 The Wild, Wild World of Animals. 6.00 Jangles. 6.30 Granada Reports. 12.10 am The Late Film.

### HTV

9.55 am Early Morning Picture Show. 10.20 The New Accelerators. 10.45 The Flintstones. 11.10 The Flying Kiwi. 11.35 Crazy World of Sport. 1.20 pm *HTV News. 3.45 Wild, Wild World of* Animals. 6.00 HTV News. 6.30 So What's Your Problem? 10.28 HTV News. 10.30 Simon and Garfunkel in Concert in Central Park. 12.10 am Weather.

HTV CYMRU/WALES—As HTV WEST except: 10.20 am Palmerstown U.S.A. 12.00 Beth Am Stori? 4.15 pm Helwyr Okavango. 6.00 Y Dydd. 6.15 Report Wales. 6.30 Mork and Mindy. 10.30 Llangollen '82.

### SCOTTISH

10.00 am Spread Your Wings. 10.25 Nova. 11.15 Adventures of Black Beauty. 11.40 Fangface. 1.20 pm Scottish News. 3.45 The Flying Kiwi. 5.15 Lights! Camera! Annie. 6.00 Scotland Today. 6.30 Happy Days. 10.00 News at Ten and Scottish News Headlines. 10.30 Ways and Means—Colin MacKay. 11.00 Late Call.

### TSW

9.25 am Sesame Street. 10.25 Comic Stories. 10.40 Clapperboard. 11.05 The Extraordinary People Show. 11.30 Fangface. 11.55 Look and See. 1.20 pm TSW Regional News. 5.15 Gus Honeybun's Magic Birthdays. 5.15 Lights! *Cameras! Annie! 6.00 Today South* West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News and Weather. 12.10 am *Postscript*. 12.15 South West Weather and Shipping Forecast.

### TVS

9.30 am Our Incredible World. 10.00 Amazing Years of Cinema. 10.25 Comic Stories. 10.30 European Folk Tales. 10.40 Clapperboard. 11.05 Extraordinary People Show. 11.30 Fangface. 1.20 pm TVS News. 3.45 At Home with the Spinners. 5.15 Lights! Camera! Annie! 6.00 Coast to Coast. 6.30 Diff'rant Strokes. 12.10 am Barney Miller Inquisition. 12.35 Company.

### TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The World We Live In. 9.55 Hannah Barbera Classics. 10.45 Fashion Today. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 3.45 Bailey's Bird. 4.15 Cartoon Time. 6.00 North East News. 6.02 The Real World. 6.30 Northern Life. 10.30 North East News. 12.10 Killing time. 12.30 am Epilogue.

### YORKSHIRE

9.30 am Sesame Street. 10.30 Wild, Wild World of Animals. 10.55 It's a Musical World. 11.40 White Water Fury. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 3.45 Bygones. 6.00 Calendar. 6.30 Different Strokes. 12.10 Late Night Drama.

# RADIO

(S) Stereobroadcast (when broadcast on VHF)

### RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis including 12.30 pm Newsbeat. 2.00 Paul Burnett. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00 The Friday Rock Show (S).

### RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S) including 1.45 pm Sports Desk. 2.00 Ed Stewart (S) including 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S) including 4.45 Sports Desk. 5.45 News; Sport. 6.00 John Dunn (S) including 6.45 Sports Desk; 7.30 Cricket Desk. 8.00 Take Your Partners (S) at the Radio 2 *Ballroom with Sydney Thompson and* his Orchestra. 8.45 Friday Night is Music Night (S) with The Solent Concert Band. 9.55 Sports Desk. 10.00 Roy Castle in "Castle's in the Air." 10.30 Alistair Cooke. 11.00 Brian Matthew with Round Midnight. 1.00 am Night Owls (S). 2.00-5.00 You and the Night and the Music (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composers (S) William Schuman and Walter Piston. 10.00 An Aquatic Miscellany (S) Song recital: Schubert, Britten, Ireland, Keel. 10.55 Respighi (S) Concert. 12.00 Music for Lute (S) Dowland, Philip Rosseter. 12.20 pm Midday Concert (S) Part 1: Elgar, Bartok. 1.00 *News. 1.05 Midday Concert (S) Part* 2: Dvorak. 1.50 Haydn Piano Sonatas (S). 2.40 Berlin Philharmonic Orchestra (S). 4.00 Choral Evensong (S) in St Thomas's Church, New York, USA. 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Guitar (S). 7.00 Dog on Front Page. 7.30 Falstaff (S). 8.15 My Merry Mornings. 8.40 Falstaff (S) Act 2. 9.35 Nonsense Novels. 10.00 Falstaff (S) Act 3. 10.55 Schumann (S). 11.55 News.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for The Day; 7.00, 8.00 Today's News: 7.30, 8.30 News Headlines; 7.45 Thought for The Day. 8.33 Yesterday in Parliament. 8.57 Weather; Travel; *Continental Travel; News. 9.05 Desert* Island Discs (S). 9.45 A Sideways Look At. 10.00 News. 10.02 Groundswell. 10.30 Daily Service. 10.45 Morning Story. 11.00 News; Travel. 11.03 The Bantams. 11.48 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (s) Quiz. 12.55 Weather; Travel Programme News. 1.00 The World At One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S) "Scraps Off The Black" by Tundi Ikoli. 4.00 News. 4.02 Countryside View. 4.10 Coping with Death. 4.40 Story Time. 5.00 News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week in Synod. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.36 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. *11.45 Miles Kington wallows in the* BBC Sound Archives. 12.00 News; Weather. 12.15 am Shipping Forecast; Inshore Waters Forecast.

# FT COMMERCIAL LAW REPORTS

## International patent fee must be in time

IN RE ENERGY CONVERSION DEVICES INCORPORATED

House of Lords (Lord Diplock, Lord Scarman, Lord Roskill, Lord Bridge of Harwich and Lord Brandon of Oakbrook): July 1 1982

**THE PATENT OFFICE has no power to override legislation specifying time limits for payment of filing fees in respect of international patent applications, and if the fees are not paid within the appropriate period the applications must be taken to have been withdrawn.**

The House of Lords so held when dismissing an appeal by Energy Conversion Devices Incorporated, an American corporation, from a Court of Appeal decision that the assistant comptroller of the Patent Office rightly decided that two international patent applications by the corporation should be taken to have been withdrawn.

* * *

Rule 100 of the Patents Rules 1978 provides: "Any document filed in any proceedings before the comptroller may, if he thinks fit, be amended, and any irregularity in procedure in or before the Office may be rectified, on such terms as he may direct."

Rule 110 provides: "(1) The . . . periods prescribed by these Rules for doing any act . . . other than . . periods prescribed in the rules specified in sub-rule (2) below . . may be extended by the comptroller . . . (2) The rules referred to in sub-rule (1) above are rules . . . 85(1)(a)

*

LORD DIPLOCK said that in order to simplify the obtaining of protection for inventions in several countries, the Patent Co-operation Treaty provided for the filing of international patent *applications* with the patent office of one of the contracting states (the "receiving office"), and for the designation of states in which protection was sought.

In the UK, section 89 of the Patents Act 1977 required the filing of an international application to be treated as an application for a patent under the Act, the date of filing to be that accorded to it by the receiving office. The applicant was to satisfy specified conditions, which included paying a filing fee to the Patent Office.

The Patents Rules 1978 regulated the business of the Patent Office, and all matters which were under the direction of the comptroller. Rule 85(1)(a) imposed time limits within which a copy of the international application must have been filed, and the filing fee paid.

The consequences of failure to pay the fee within the prescribed period was that, under section 89(3) of the Act, the application was to be taken to have been withdrawn.

In the present case an American corporation filed two international applications for patents in the U.S. Patent Office. The time limit applicable for filing copies and paying fees in the UK was 20 months from the dates on which the corporation filed the applications in the U.S.

The 20-month periods expired on November 8 and 16 1979. The corporation had not paid a filing fee to the UK Patent Office, nor given any intimation that it intended to proceed to obtain the grant of a patent in the UK.

The assistant comptroller decided that the corporation's international applications had been withdrawn. The corporation appealed against that decision.

The Patents Rules provided in rule 110 for the alteration, by the comptroller, of some of the periods specified in the Rules; but it expressly provided that the time limit prescribed by rule 85(1)(a) could not be extended. The words were incapable of any other meaning.

The corporation contended that that prohibition might be overridden by the comptroller in the exercise of powers conferred on him by rule 100. It was contended that failure to act within a prescribed time limit was an "irregularity in procedure in or before the office," which the comptroller might rectify by deeming the action to have been done before the time limit expired.

That was a hopeless argument. An irregularity in procedure was simply a failure to observe procedural rules, whatever the cause of the failure *might be. Where there was a* discretion to rectify a failure, the reason for it might be of the utmost relevance.

*

If rule 100 conferred on the comptroller jurisdiction to excuse failure to observe an inextensible time limit on the ground that it was an irregularity in procedure, that jurisdiction must extend to all such failures, whatever their reason. That would render the express prohibitions of extension by rule 110(1) and (2) wholly nugatory.

In *Fater SpA's Application [1979] FSR 647* Mr Justice Graham justified his grant of an extension of time on the ground that the power to rectify irregularities in rule 100 overrode the prohibitions of extensions contained in rule 110. As a matter of construction he was wrong.

In the course of his judgment he used an ill-considered turn of phrase. He said: ". . . the Patent Office is an office for granting patents and not for refusing them and in a special case such as this, when there is a conflict between two rules, they should, since justice demands it, *as a matter of discretion* be read together in such a way as to aid grant rather than refusal."

Because of the italicised phrase, that passage appeared to have been understood in the Patent Office as meaning that there was a discretion to treat the same words in the Rules or the Act as bearing different meanings in different cases, according to whatever the officer dealing with the matter thought appropriate to achieve a just result.

To put an end to any future confusion, their Lordships should take the present occasion to overrule that case unequivocally. It was an important constitutional principle that questions of construction of all legis*lation, primary or secondary,* were questions of law to be determined authoritatively by courts of law.

Errors in construing primary or secondary legislation, made by tribunals that were not courts of law, were subject to correction by judicial review. No tribunal and no court of law had any discretion to vary the meaning of the words of primary or secondary legislation in order to meet what it thought was the justice of the particular case. To do so was to negate the rule of law.

If there were cases in which the application of the Patents Rules led to injustice, the cure was for the Secretary of State to amend the Rules. If injustice stemmed from the terms of the Act itself, the remedy was for Parliament to amend the Act.

His Lordship would dismiss the appeal.

Lord Scarman, Lord Roskill, Lord Bridge and Lord Brandon agreed.

*For the corporation: Stephen Gratwick QC and G. D. Paterson (Bird and Bird).*

*For the Comptroller: Hugh Laddie (Treasury Solicitor).*

**By Rachel Davies**
*Barrister*

# RACING

BY DOMINIC WIGAN

BARRY HILLS, who still feels hopeful that his 120-strong Lambourn string can nudge Steve Cauthen to his first jockey's championship, provides the young American with ammunition at both York and Chester today.

At York Rangefinder and Steelworks will be on duty for Cauthen in the Philip Cornes Nickel Alloys Stakes and the Marygate Handicap respectively. Later on the Roodeye Lambourn's most powerful stable provides Cauthen with chances through Bill Island and Inuvik.

The first from the quartet to take the field will be Simon Wingfield Digby's once-raced Rangefinder in the Knavesmire's Philip Cornes Qualifier. A big powerfully made coldt from a half sister to that prodigous weight carrier, Roman Warrior, Rangefinder created a favourable impression at Sandown just under a month ago. Sent there for the five furlongs Ideal Stakes, Rangefinder showed good speed against Cat O'Nine Tails and Intone until lack of fitness and pace provided his undoing in the final furlong.

Sure to be all the better for that run, Rangefinder will also be well served by the additional furlong of the Philip Cornes race.

Another who will be well suited by the six furlongs of this event is Lady Butt's Persian Glory. On his one appearance to date this colt, trained by Bill Watts, did extremely well to run the more experienced All Systems Go to three-quarters of a length in the Margaret Stakes at Newcastle towards the end of last month.

Persian Glory, nearly unconsidered in the market there, may prove just too good for Rangefinder in a race in which Warren Place's newcomer, The Fort, is expected to go well.

From this month at Chester, Bell Island is the one Cauthen may have most enthusiasm for. A lightly raced filly she faces six opponents in the Alice Hawthorn Maiden Stakes.

Bell Island caught the eye when forced behind Mydella at Wolverhampton on her debut. Although she has since disappointed, I believe she is worth another chance over this, the country's sharpest track.

**YORK**

2.00—Chalkey Road
2.30—Persian Glory***
3.00—Ponchielli
3.30—Gallant Special
4.00—Steelworks
4.30—Padalco*

**LINGFIELD**

3.15—Stop Talking
3.45—Welwyn
4.15—Komatch

**AYR**

7.45—Forward

**CHESTER**

6.55—Bell Island**
7.20—Lakenheath
8.20—Curve the Wind
8.50—Finale Sept

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

With business schools under attack for being over-theoretical, we examine two influential innovations in executive education

## Building more muscle into corporate strategy

TO A GOOD proportion of European managers, business schools are little more than an academic irrelevance — not only the home-grown institutions, but even those illustrious names across the Atlantic. For such sceptics, attendance on a business school course is attractive only because it offers a pleasant break from the usual daily grind, plus instant membership of an elite old-boy network that promises all sorts of lucrative jobs in the future.

That the academics have failed to convince more Europeans that they will actually become better businessmen by attending is partly the result of a mixture of national factors, such as the German preference for in-company education. But it also has a common cause: the schizophrenia of many business schools themselves.

All but a handful of them remain torn between their wish to play a practical role in the business world and their status as academic institutions. With a few exceptions—notably Harvard—their staff's career success relies more on the traditional academic attributes of producing learned theoretical treatises than on a combination of empirical research and the skilled education of practising executives.

There is nothing wrong in itself with academic study of the capitalist system at the "micro" level, but on its own it does not help produce better managers.

The preoccupation with theory of many top business schools is provoking growing criticism not only in Europe, but also in the U.S. itself.

With the help of a generous injection of funds from one of Europe's most successful businessmen. David Sainsbury, finance director of the Sainsbury supermarket chain, the London Business School is about to join the side of the angels.

On the strength of Sainsbury's commitment of £1.25m over the next five years, LBS is establishing a Centre for Business Strategy. It will house what, after Harvard, will probably be the second largest team of academic researchers in the world, in the ultra-practical field of business policy and competitive strategy.

The centre's prospectus emphasises that its work will be empirical and analytical, aimed at influencing better board-level decisions (what it calls "pragmatic management outcomes"). Not only will the work be more consciously international than much of the existing research at LBS, but it will for the first time take the school into the fast-expanding field of technology strategy and technology management.

The centre is expected to concentrate on six main areas: global industry dynamics, including competitive analysis; international strategy; technology studies; strategic processes (decision - making); mature industry studies; and service industries.

### Significance

The broad range of this research should provide the added bonus of helping to tie together more closely the specialised studies for which LBS has a particuarly high reputation, including finance, marketing and organisational behaviour. So the centre's significance will extend far beyond its immediate staff of eight "full-time equivalents" (including a number of part-timers) assisted by six research students; in itself this amounts to a significant expansion of the school's faculty, by well over 10 per cent.

As the LBS Principal, Professor James Ball, says: "This is one of the most exciting research developments undertaken by the school in recent years." He says it "will put us in the forefront of strategic thinking, not only through research but also through our teaching programmes."

For all the emphasis on the wish to influence practical decision-making, Professor Dean Berry, who will be the centre's chairman, makes clear that it will also be following a thoroughly respectable academic objective.

"The whole area of general management and business policy has suffered worldwide from a lack of intellectual respectability," he says. "The academic framework has been weak — it has largely consisted of stringing together a series of cases. Some people have tried to get round the problem by constructing models; but these don't tell you much about how strategy gets made and policy decided."

In contrast with this approach, the centre will conduct extensive research in order to build up databases of what actually happens: "We're making the scientific presumption that there's actually some order out in this disordered world," says Berry.

The idea for establishing the centre grew out of a research project on industrial structures and international competitiveness which Dr John McGee, who will be the centre's director, started three years go at the behest of David Sainsbury; McGee chose to look initially at the reprographics industry, and the study is now well advanced.

Sainsbury is the largest single shareholder of the famous British retail chain which bears his family name, and the heir to a substantial part of the family fortune. A trust set up by him already finances a considerable amount of academic research, to which the centre will now be added.

One of a growing number of top British executives in their forties with a business school education (an MBA from New York's Columbia University), he says he shares the widespread feeling "that there is a considerable need for better strategic thinking in British industry, and that business schools can make a valuable contribution to this." He also hopes the centre's work will help government and the financial sector — together with the other institutions which create the environment in which companies operate — to develop "a clearer idea of what industry should be doing."

Sainsbury now plans to help LBS raise at least another £150,000 a year from other companies and trusts — inflation-proofed, like his annual £250,000 — so that the centre can expand further. This would enable it to undertake research right across the six areas that have been identified by Professor Berry and Dr McGee.

Hugh Routledge

John McGee and Dean Berry, director and chairman of the London Business School's new Centre for Business Strategy: "We're making the presumption that there's actually some order out in this disordered world"

The centre's initial thrust will be in industry analysis, service industries and mature industries (including the difficult questions of board construction and the prediction of corporate collapse).

### secondment

Berry and McGee expect about half the staff to come from LBS itself — including a number working only part-time for the centre — and the rest from outside; the first appointments should be made shortly. They are especially keen to bring in several senior executives from industry and the financial sector, as well as top civil servants, whether on secondment or as part-timers.

The centre will also link up with other business schools or individual academics working on similar themes, such as Harvard and the University of Michigan; Harvard is making a particularly close study of the world car and electronic component industries. The first visiting scholar will be Harvard's Professor Joseph Bower, who is considered one of the world's leading authorities on business policy.

Despite his strong emphasis on the practical use to which companies should be able to put the centre's work, Berry rebuts any suggestion that it might turn into a sort of consultancy. It will be prepared to do contract research, but any consultancy work will be taken on by members of the centre on an individual basis, he says. Though he already heads his own consultancy, Berry is critical of the consultancy world as a whole; rather than thoroughly researched findings of the sort that the new centre will be making, he argues that consultancies tend to apply only "rules of thumb."

**Christopher Lorenz**

## The art of 'action learning'

**HE HELPED propound the philosophy that "small is beautiful", he was ostracised by the business schools for his heretical notions about management education, so much so that he was forced to practice his considerable skills outside Britain; and he is now enjoying a belated Indian summer of recognition, thanks in particular to Lord Weinstock's enthusiasm for his recent work in GEC and other companies.**

**Seventy-five-year-old Professors Reg Revans is the father of "action learning," a system of pitching people into unfamiliar organisations and situations to learn by solving real-life problems, rather than by examining academic theories or empirical case studies. Lord Weinstock and several other supporters have now stepped forward to help subsidise the publication of Revans' collected post-war essays (all 846 pages of them) at a price that every manager can afford. The review below of "The Origins and Growth of Action Learning" is by the chairman of Cadbury Schweppes, who has had a particularly close association with the business school movement but is also a Revans admirer.**

"I NEVER taught anything to anybody. I might occasionally have enabled them to learn." (p. 319).

Action learning has its roots in Revans' early investigations into coal mines and hospitals. It looks to practising managers to identify where problems lie and how they might be attacked. The investigators then have to carry with them those in a position to take the necessary action.

In the mine and hospital projects, it was insiders enquiring into institutions other than their own. In the programme which Revans organised in Belgium, the managers who took part were outsiders with no direct experience of the industry into which they were enquiring. Either way the action learning approach seems to me to have two essential attributes.

The first is that it is a questioning approach. What prevents an organisation from being as effective as it might be is usually hard to pin down. We can only obtain a clearer map of the organisation we aim to explore by asking questions. Asking questions means listening to the answers — and listening is an underrated art in a monologue world. Another facet of listening is that potentially everyone in an organisation has ideas to contribute—as quality circles and successful schemes of participation testify.

The second aspect of action learning is that it depends on the way the actors on the action learning stage relate to each other. Whoever is undertaking the enquiry learns from those who own the problem and they from him. In the Belgian programme the enquirers met together regularly "as comrades in adversity" (to use Revans' phrase) and their interaction was an important element in the learning process. It is the network of relationships which creates the opportunity to learn.

Revans points out that systems and institutions can only be changed through people who are themselves prepared to change and to learn more about themselves in the process. These conditions are met when we are faced with real problems, to which a real risk of failure is attached.

Hence the case study is no substitute for action learning, nor is job rotation. Action learning would put a newcomer into a job to question its purpose, not to accept it as it is. Neither is consultancy action learning, because it is the outside expert coming in from above. Action learning takes place among equals who have to find their way forward by drawing on their own resources.

Revans' research shows that, where channels of communication are clear and where there is every encouragement to use them, organisations are effective. "The mechanism is a simple one. If the consultant appreciates the suggestions of the ward sisters and will even seek their opinion, the ward sister will be anxious to have ready for him the maximum information about patients." So sisters consult their nurses, who in turn talk to their patients. From this exchange staff and patients learn and the latter recover faster, but the pattern is set from the top. There is a stark lesson here for the success or failure of schemes of participation in industry.

The paradox is that communications, for want of a better word, are both the problem and the solution. We need to find a sense of order and of purpose in our work. "It is not the pursuit of happiness that is the inalienable right of mankind, but of intelligibility." The pursuit of intelligibility is a theme that runs through these essays and intelligibility is a good test to apply to the aims, structures and tasks of the organisations in which we work.

It is difficult to give the flavour of the book in a brief review, but let Revans speak for himself:

"What, after all, is education other than learning how to ask questions?"

"There can be no action without learning and no learning without action."

"So much idle academic rolling stock and so many miles of scholastic sidings green with yesterday's weeds."

"The vitality of participation is its local relevance."

"Like the film of a chimney demolition run backwards."

I read the book straight through which is a stern test, since it is made up of 52 separate essays. Inevitably there is some repetition, because Revans's writings are based on a common core of experience, but each essay illuminates a different aspect of his theme. The English is admirably clear and the Biblical quotations apt. Revans's Biblical scholarship and his success in international sport have contributed to the formation of his thinking on action learning. The right relationship between coach and athlete is after all a good example of action learning in practice.

"Action Learning" forces us to question some of our more comforting assumptions about running organisations and this is unsettling. It is an important book and one from which all of us can learn, because it makes us think. There is a health warning inside: "the lesson seems to be that one ought not to start action learning if one is going not to like it."

*By Reginald W. Revans, Chartwell-Bratt. £5.*

**Sir Adrian Cadbury**

# TECHNOLOGY

EDITED BY ALAN CANE

Kazuhiro Fuchi is one of the experts behind Japan's work on the fifth generation computer project

## Design starts on a computer with human power

BY PETER McGILL IN TOKYO

A TEN year project started last month in Tokyo to research and develop a "5th generation computer" that will be able to reason like humans, automatically translate languages, give complex guidance to robots and communicate with people in a form of human speech.

Already, the project has created a great deal of interest among foreign governments and computer manufacturers like IBM, ICL and Siemens, with the UK particularly concerned to make use of British advanced software development and research into artificial intelligence.

This is despite the fact that research is still at the stage of investigating basic theory, and nobody, including the Japanese, yet has any clear idea of what kind of computer will result from the project.

Japanese research is centred on the Institute for New Generation Computer Technology in Tokyo, funded by the Japanese Government and staffed by 40 scientists from Government laboratories and Japan's top eight computer firms: NEC, Hitachi, Fujitsu, Toshiba, Mitsubishi, Matsushita, Oki and Sharp.

The Institute is the brainchild of Mr Kazuhiro Fuchi, the Institue's director of research and executive director, and formerly director of information science at the government's electrotechnical laboratory.

The money for the research —Y100bn— over 10 years, all comes from the Ministry of International Trade and Industry (MITI).

"This project is in a sense too early for industry," said Mr Fuchi. However, he estimates that the fifth generation computer, if it is ever developed in the 1990s, will capture about half of the world computer market.

Parallel to the research on the fifth generation computer is an independent project to develop the so-called "supercomputer" that is ultra-fast, ultra-small and with minimal electricity consumption, probabally based on either the Josephson conjunction or gallium arsenide chips.

When developed, the supercomputer has obvious though limited scientific uses in atomic energy research, or in the design centre of a motor company or aircraft company for instance. But Mr Fuchi guesses that the supercomputer "will take only about 10 per cent of the market."

The fifth generation computer project contains a host of unknowns for the Japanese. Mr Fuchi and his research team see a "problem solving and inference machine" as a key part of the hardware, with a corresponding problem solving section in the software.

These inference functions will be supported by a knowledge bank or "library" of languages and pictures. State-of-the-art architecture, possibly including the latest result from the supercomputer project, will support the new hardware system.

The user will communicate with the software in speech, images or a "natural" language that simplifies ordinary speech just enough for a computer to understand (an area of intense international research at the moment).

### Capacity

This will be converted by the software into a "kernal language" based on predicate and syllogistic logic for input and output to the hardware. (At present Vonneumann. BV Computers use a machine language of binary impulses to link the software and the hardware.)

A "meta inference system" will be developed that incorporates deductive functions and high-level functions such as common, inductive and analogical inferences, as well as "tacit inferences."

The goal is to provide an entire system that reasons and solves problems in much the same way as a human mind.

As its name suggests, the "kernal language" is a key to the system. The nearest the Japanese researchers have come to a candidate kernal language is a predicate syllogistic logic language called "prolog" developed by Edinburgh University. The idea for Prolog, which Mr Fuchi called a "crucial development" for the success of the Japanese project, came 10 years ago through joint research of the universities of Edinburgh and Marseilles.

However, Edinburgh perfected the idea into a commercial software that is widely used by the American firm digital equipment corporation (DEC).

Fuchi hopes to develop the inference capacity of the fifth generation computer to 100m 1 g.lips (logical inferences per second) compared with 10,000-100,000 lips possible on the current generation of computers.

Outside reaction to the claims of the Institute range from downright scepticism to cautious interest and concern, but an IBM official did concede that the project had great potential for technology spin-offs.

The same point was echoed by a source at the UK embassy who said the project was of "enormous value to Japan" and in terms of commercial spin-offs "it is probably not even worth defining what the long range goals are."

The UK Government thinks highly enough of the project though to have sent a high level team of experts led by a DoI official to attend a symposium in Tokyo on the fifth generation computer.

A working group has since ben set up to formulate UK policy on the computer.

It is still too early to foretell what kind of co-operation Japan and interested foreign countries have in mind, or if the Japanese are willing to share a substantial amount of the research with potential overseas competitors.

The Japanese are already talking of commercial applications with foremost, a machine translation system that will be able to translate multiple languages with 90 per cent accuracy at a 30 per cent lower cost than if done by man.

### Consultation

Hitachi has a prototype that translates high school level English into Japanese with 60 per cent accuracy.

Among other applications for the basic technology after three years will be "consultation systems" where a computer that communicates with the user in simplified natural language and speech, will conduct medical diagnoses based on expert knowledge input, mechanical equipment CAD (computer aided design), and computer systems diagnosis.

In the long term, the new generation of computers will be used inside robots to give directions. Mr Fuchi said "Many people are talking about intelligent robots, but they ignore the problems of the computer. Present day computers are not good enough."

Collector stations help AFA Minerva check on subscriber security

## Central monitoring to beat the intruder problem

BY GEOFFREY CHARLISH

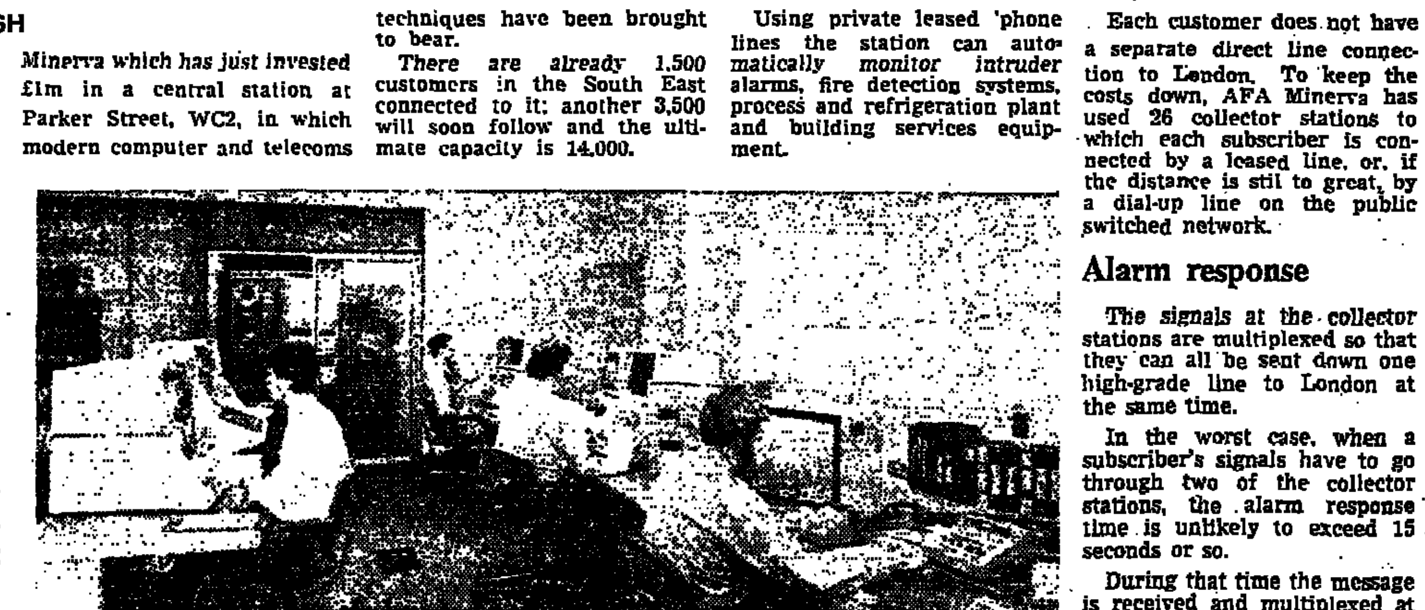
SOME YEARS ago the fire services and police forces in the UK started to disband arrangements by which private telephone lines from the alarm systems of premises of one kind or another could be wired direct to stations.

The workload proved to be too great often because of the rate of false alarms. The police, in particular, had other things to do.

This kind of central monitoring is now down to private security firms like AFA Minerva which has just invested £1m in a central station at Parker Street, WC2, in which modern computer and telecoms techniques have been brought to bear.

There are already 1,500 customers in the South East connected to it; another 3,500 will soon follow and the ultimate capacity is 14,000.

Using private leased 'phone lines the station can automatically monitor intruder alarms, fire detection systems, process and refrigeration plant and building services equipment.



The main computer enclosure, communications, terminals VDUs and CCTV at AFA-Minerva's central station in Parker Street, London

Each customer does not have a separate direct line connection to London. To keep the costs down, AFA Minerva has used 26 collector stations to which each subscriber is connected by a leased line, or, if the distance is stil to great, by a dial-up line on the public switched network.

### Alarm response

The signals at the collector stations are multiplexed so that they can all be sent down one high-grade line to London at the same time.

In the worst case, when a subscriber's signals have to go through two of the collector stations, the alarm response time is unlikely to exceed 15 seconds or so.

During that time the message is received and multiplexed at a collector, sent to London, de-multiplexed and scanned by a Data General Nova computer once every 3.5 seconds.

If an alarm condition is identified during the scan one of three operators, seated at visual display units, will see the problem on his screen.

To eliminate the false alarms often associated with setting and upsetting of systems on premises at business opening and closing times, the computer is programmed to disregard alarm signals generated within the narrow time gate allowed for this activity.

When a genuine alarm is received, the operator will immediately know what actions to take since a page of data related to that subscriber immediately appears on the screen. The Parker Street centre also has direct lines to appropriate police and fire stations.

### Monitored

All incidents are logged initially on disc stores and ultimately on a dump tape. In addition, the computer is duplicated and even if everything in the control room failed, the system could still be monitored from the line inputs in the basement. More on 01-892 4422.



Welding

### Portable units

Hayters PLC of Bishop's Stortford, Hertfordshire, has added the LD 250 and LD 300 to its range of portable welders. Hayter claims that with electric starting and weighing 203 kg the units, running at 3000 rpm, there is an open circuit voltage of 85v. This is suitable for most types of rods and the engines have sufficient power to produce a 250-300 amp rating even when using four gauge rods on a continuous cycle. More from 0279 723444.

Machine tools

### Two models

W. E. Norton Machine Tools, Orgreave Drive, Dore House Industrial Estate, Sheffield (0742 697341) can now supply the MH 630 and MH 630S machining centres, two additions to their Kuraki range. The automatic tool changers are available with 32 or 60 tools.



Fixing

### Screwdriver to hammer

Remember the slur which used to be cast upon the ability of the Birmingham workman? One rather biting but undoubtedly unjustified phrase was to describe a hammer as a Birmingham screwdriver.

But the Brummies were ahead of the times because now things can be fixed to walls with a hammer provided one has Revspins.

These are, in effect, skewers made from star-shaped aluminium alloy tubes which are twisted and then cut to length.

Pilot holes can be drilled through, say, a battern and then into the wall. The Revspins are simply tapped home and cut a thread in the hole as they enter.

The developers claim that Revspins will grip even in light insulating blocks and can be used in wood including the grain and the edges of chipboard.

The product has been designed and patented by Prodev, a small industrial co-operative of Unit 5, Bessmer Crescent, Rabans Industrial Estate, Aylesbury, Bucks. Arrangements are being made for national distribution.

Prodev members seem to have surprised themselves. One said: "It's so simple we wonder why no-one has thought of it before."

Mr John Ollis (0296 32519) will enthuse further.

**MAX COMMANDER**

Publication

### Wire cutter

A four-page leaflet describing a new range of wire and sleeve cutting machines is available from Eraser International at Portway Industrial Estate, Andover, Hants (0264 51347).

# THE ARTS

## Cavell/Chichester Festival

**B. A. Young**

The history of Nurse Edith Cavell is quite straight forward. Working in a hospital in occupied Brussels, during the early years of the First World War, she became involved in an organisation helping British soldiers to escape the German authorities. She confessed everything when she was arrested and tried by the Germans and the Germans shot her, as they had every legal right to do.

What Keith Baxter has done in his very interesting play is to explain, or try to explain, why these things happened. Edith Cavell, as he draws her and as Joan Plowright plays her in a glowing performance, is an uncommonly straight forward woman. "I never lie," she tells someone quite early in the evening; and though she doesn't say so in so many words she goes to the help of anyone who needs it, deserving or not.

So when two wounded British soldiers in plain clothes are brought to her she helps them on their escape-route. This naturally leads to further episodes of the same kind—200 altogether, the record says—until she finds herself in a key position on the escape-route. Detection was inevitable; and when she was questioned, she did what she always did, she told the truth.

But why was no plea for her life made by the British Government of the time? The responsibility, Mr Baxter says, lay with Lloyd George. Lloyd George knew that a plea was a sign of weakness; whereas a waive of indignation would be a stimulus to recruiting. If any plea was to be made it should be made in the newspapers. In fact, the Spanish ambassador made a brave attempt. The U.S. ambassador, in whose care the British in Belgium lay, pleaded sickness. Edith Cavell was duly shot.

Mr Baxter's treatment while keeping nurse Cavell and her intimates simple and uncomplicated, as if seen in close up, surrounds them with a great frame of theatrical elaboration that fills in the details and portrays the public feeling of the time. He has an eye for effect that would grace the editor of a popular newspaper. When the lights first go up the great three-tier set is crowded with Edwardian figures in top hats and tailcoats among whom we soon discern the politicians of the day—Asquith, Derby, Grey, Lloyd George, the young Churchill. They talk to each other in headlines as if they were cartoon figures. The more subtle points of doctrine are left to a real newspaper man, Babbington, who is eager to admit when his reports are untrue but can always explain why he has written them—a very good performance in Cockney by Nigel Stock.

Joan Plowright and Dulcie Gray

It is very effective and my only adverse comment is that it begins too far back. We start in 1907, when the Cavell hospital is founded, and for seven years as it were, we are concerned only with an interesting woman devoted to nursing but otherwise not unusual. We get a glimpse of her mother (Dulcie Gray) and we see how her treatment of a girl morphine-addict leads to something like love. But not until the beginning of the second act does the war begin to mark her as the curious woman she was.

And curious she was indeed. When you think of the women in the Second World War, women like Violette Szabo, her instant confessions seem very unheroic. Miss Plowright shows little emotion beyond exhaustion. She faces every problem—domestic, clinical or military—with a solid acceptance that put me in mind of Saint Joan indeed of Miss Plowright's performance as that Saint. She only emerges from this carapace once when she has been playing cricket with the children of friends in Norfolk, when she shows a real capacity for happiness.

Of the others included in the close-ups Paul Hardwick is very effective as the Belgium surgeon Depage. Cathryn Harrison's morphine-taking Grace, swinging from hysteria to stern politiness is good, and I much liked Brett Forrest as the lame Spanish ambassador. Among the cartoons Michael Sadler plays the young Churchill with a fine resinence but without the verbal characteristics now familiar to us; and Philip Madoc's Lloyd George (a part he has played before) is a masterly impersonation.

Peter Rice designed the set with metal staircases rising ultimately to a hospital ward high above stage level in which hardly anything happened until the Boches come and clear it out. If he also designed the costumes he must be congratulated on getting the men's trouser creases right.

## Cinema

**Nigel Andrews**

# Jungle noises

| | |
|---|---|
| **Fitzcarraldo (A)** | Camden Plaza |
| **Annie (U)** | Odeon Leicester Square |
| **Porky's (X)** | West End and North London release |
| **Jacques Tati** | Barbican |

Deep in the Amazon jungle, lurks Klaus Kinski: with electric hair, stark eyes, gargoyle face and a dirty-white colonial suit that has seen better decades. Kinski is to German director Werner Herzog what Nikolai Charkassov (Alexander Nevsky and Ivan the Terrible) was to Eisenstein: his right-hand actor, executor of dreams, a chameleon presence, changing hue according to his mentor's moods and myths.

In *Fitzcarraldo* Kinski came late into the film after three different stars had been mooted for the title role in Herzog's curse-laden epic about an opera-mad ex-railway tycoon who wants to build his very own La Scala deep in the Peruvian jungle. Albert Finney and Jack Nicholson were both courted but declined, and Jason Robards began the film but left it, 40 per cent completed, struck down by dysentery.

Enter as Fitzcarraldo Kinski, snarler unforgettable in Herzog's *Aguirre, Wrath of God* eight years before: and perhaps Destiny, after dropping hints like bricks on Herzog's toes, at last got her way. Kinski is the man, and he makes a near-impossible movie nearly work. Near-impossible because of an every-which-way, contortionist's script, requiring its main character to be both bat-brained dreamer and steel-willed entrepreneur; and because Herzog posed himself a logistical nightmare in the film's staging, requiring a multi-ton steamer to be hauled over a mountain between parallel rivers. (Fitzcarraldo hopes to fund his opera-house by exploiting an untouched rubber forest cut-off by rapids: boat-over-mountain is the only means of access).

What unfolds on the screen is a magnificent shipwreck of a movie: broken and imperious as a galleon fallen on rocks. The febrile prologue wherein Kinski and his mistress Claudia Cardinale, filthy both from an epic canoe-trip, scuffle gatecrashingly into the opera-house at Manaos to drink inspiration from Caruso in *Ernani* promises wild wonders to come. And the madness-kissed early voyagings of Kinski and his crew up-river in their renovated steamer also weave a silvery spell: Caruso crooning from a wind-up gramophone perched a-crackle on the prow, the waters deep, pearly and silent, the jungle succulent with unseen Indians.

But, sadly, it's Herzog's central *folie de grandeur* that send his film spiralling into fateful vortex. The steamer's harshly engineered ascent up a man-made Mount Ararat, urged on by ropes, winches and the tribe of straining Indians who help, is a long sequence of desperately willed magic undone by broken rhythms and oddly frayed suspense. The steamer's should-be triumphant descent into the neighbouring river is anti-climactically shot and cut.

And what should be Fitzcarraldo's crowning perverse adventure of survival, when the Indians release the moored-at-night boat so that it hurtles towards the rapids, a sacrifice for their Gods, is all too brusque, brief and perfunctory: as if time or money or stamina—or all three—had finally run out for the production.

On paper *Fitzcarraldo* promised thrilling sparks from the meeting of two exoticisms, Italian opera and Amazonian jungle. And on celluloid, especially early-on as Verdi and Bellini pour forth from cracked records in shanty-town Iquitos or greenery-boa'd river, it often provides them. But the fated circularity of the story—the river finally sweeps Fitzcarraldo home, failing to give him his dream—weakens tension, and production traumas must have helped to make the film visually a thing of rags and tatters. (Photographer Thomas Mauch produces precious little to equal his lens-magic in *Aguirre*.)

There remains Kinski: a demon whose Halloween-mask face and flaxen quiff of wild hair create their own magic. Both as dreamer and doer, he's an irresistible figure of diabolic energy and the light-carrying Lucifer in the film's best scene: when the steamer is boarded by inquisitive Indians who silently, stealthily prowl around him feeling ihs blond hair, awed at his blue eyes—a white God on whom only Kinski, imperious and staring-eyed, could bestow the right crazed nobility.

★

As one of those cultural castaways who never saw *Annie* the musical on stage, I'm unarmed for invidious comparisons. But the cannonade of raspberries so far unleashed on John Huston's film version puzzles me. Huston, with a 35-million-dollar budget, has certainly giganticised the tale: making the characters boom forth larger than life — notably Carol Burnett's nuclear-tonsilled Miss Hannigan, the Gorgon of the orphanage system, and Albert Finney's millionaire-with-a-heart Daddy Warbucks (borrowing Huston's own glittering eye and brushed-Celtic brogue) —and turning Maison Warbucks into a beetling manse with more eyries and baroque corners than Hotel Marien bad. But the film has spirit to go with its size.

Annie herself is an un-upstageable charmer. Aileen Quinn, with a wide smile and a smack of freckles under the russet curls, sings and grins up a storm. At her side Ann Reinking dances like the Zephyr as Warbuck's secretary, amanuensis and last-reel sweetheart. And Punjab and Asp (Geoffrey Holder and Roger Minami) run silent run deep through the plot as the mystic-Orient servants ever providing miraculous succour in the nick of time, like a mixture of Jeeves and the U.S. Cavalry.

Twice only does the film run aground. Once when Tim Curry and Bernadette Peters enter with many a suave snarl and hand-me-down ho-ho as the wicked couple who pretend to be Annie's real parents. (They should return to the acting class from whence they came.) The other time, when Warbucks, Annie and retinue hire Radio City Music Hall for the night, for a private showing of *Camille*. Acres of depressing seat-space, and Garbo giving up the ghost with *mezzo* coughs and mooning on screen. Sometimes ideas for a great night out don't quite work out.

But around these twain casualty-points the film is full of address and *jeunesse*. The show-stopping ditty "Tomorrow" is sprinkled sagaciously through the two-hour traffic, and who could resist the moment when Franklin D. Roosevelt and Eleanor join Annie in a White House ensemble of the song, capped by Eleanor's swooning exclamation "Oh *Franklin*! . . ." and the immediate baptism, endorsed by Annie, of the New Deal.

★

*Porky's* should be dropped from a great height on the heads of its assembled cast, crew and writer-director. Canadian Bob Clark (of *Tribute*) penned and lensed this romp for the retarded, in which a gaggle of high-school boys discover the joys of voyeurism, truancy, teacher-baiting, property destruction and racial bigotry (and/or beating up racial bigots). The standard of the film's humour is illustrated by such witty punning character-names as Miss Bolbraker (macho gym-mistress) and by many an uproarious jape involving dropped trousers, dunking in swamps and the impact of soft-boiled eggs on human physiognomies.

★

It makes one yearn for the sophistication of Jacques Tati, who by generous foresight has been brought to London this month: en-celluloided in a season of the quizzical, gawky pipe-smoker's best films. Tati, humanity's answer to the Leaning Tower of Pisa, made slow, funny, delicate-as-eggshell gags that demand patience and nearly always repay it. Enjoy his air of deranged and unflappable politeness in *Jour de Fete*, where he plays a disaster-prone village postman; in *Playtime*, where he comes to grips with the modern city (which trembles nervously in his hands): and in *Mon Oncle*, where chic suburban living is weighed in the balance and found wanting—and receiving—a dose of Tati anarchy.

Aileen Quinn with Sandy

## Sacred Ellington/St. Paul's

**Dominic Gill**

Judged by the audience figures, this performance of a selection of Duke Ellington's sacred music in St Paul's—the biggest and most ambitious presentation of this year's City of London Festival—was a triumph. Artistically, it plumbed such depths of dishonesty and vulgarity as can never before have been witnessed in the Cathedral or at any City Festival event.

The sacred music is late Ellington, composed during the nine years before his death in 1974. Long before that, twenties Cotton Club and postwar Hollywood had sometimes become inextricably mixed; but the best of the religious numbers speak with a simple purity and passion, and a powerful sincerity, that in the right circumstances is both beautiful and touching.

Not here. St Paul's may be no ideal place to listen, and rejoice, to the complex, fast-moving colours of Ellington counterpoint; but even in that vasty acoustic, the sounds would have carried their message joyfully enough if the whole had not been presented with the glibness of an American chat-show and the tatty slickness of the worst sort of low-budget TV spectacular. It was the TV cameras indeed, astonishingly noisy and disruptive, rushing up and down the aisles on their wheeled engines and derricks and booms, which quite literally stole the only tolerable moment of the show's first half — a few minutes of splendidly muscular whirling under the dome by a bare-chested Wayne Sleep in time to Ellington's "Praise God and Dance."

A distinguished cast of musicians had been assembled under the direction of Alan Cohen, including the saxes of Tony Coe, Ronnie Scott and John Surman, the trumpets of Alan Downey, Kenny Baker and Kenny Wheeler, and Johnny Edwards' trombone. But their music appeared only in the briefest intervals between Chat: volley upon volley of introductions and pocket interviews from Rod Steiger (another dimension of sacred Host entirely), reminiscences still oilier from Douglas Fairbanks (flown in specially for the occasion) and from the fatuous Tony Bennett, whose deeply vulgar rendering of "Somebody Cares" was near-perfect proof on this occasion that nobody did. No kind of homage this, but a specious affront to the memory, spirit and work of one of the greatest jazz musicians and composers of any age. Scores of people left disappointed at the interval, complaining that they couldn't hear; my only complaint, leaving with them, was that I'd heard more than enough.

## Hamlet/Globe, Paris

**Nicholas Powell**

Paris theatre, dominated by directors whose treatment of the classics is charted as closely today as Beckett or Ionesco productions were 25 years ago, has had a go at "Hamlet."

The result is neither arch conservatism nor perilous innovation—the usual choice—but an attempt to return to the roots, by putting "Hamlet" back on the stage of the Globe.

The production, by "La Compagnie des Acteurs" has been surrounded by the sort of publicity normally reserved for "On Ice" creations, publicity which with Gallic overstatement describe the "reconstitution" of the Globe. In reality the stage, not the theatre, has been rebuilt. Alas, the "Elizabethan Tavern" for the after show dinners is only period in as much as trestle tables were trendy in 1601.

The faithfully and beautifully finished reproduction of the Globe's stage is star of the show. The tininess of space makes for rapid entrances and exits and sustained pace of action. The ghost of Hamlet's father treads around the edge of the stage like an automaton on a German Town Hall clock. The use of the "inner stage," with or without decorative backdrop, and the gallery—where the King and Queen sit to watch the players' show—compensates in height and depth for the small stage and adds a visual variety which directors normally seek with all sorts of scenic construction.

The potential of the exercise is huge and the shortcomings consequently all the more disappointing. Firstly this "Hamlet" lacks overall direction—no director is actually named on the programme. The actors have not worked enough at adapting to the small stage; the production contains too much conventional gesturing and movement, fine on the stage of the Theatre de la Ville but inappropriate here.

Nor has the troupe worked sufficiently on the text: too many passages leave one with the uncomfortable impression that the actors have excellent memories but don't always know what it all means.

Jean-Marie Proslier turns in a portly, bumbling Polonius. Maria Mauban is remarkably sensitive and subtle as the Queen. Jean-Paul Zehnacker is not the youngest or most moving of Princes. But the biggest drawback of this production is the site — inside a giant marquee (the organisers are aiming at Holiday on Ice size crowds) at the Porte de Champerret which is next to Paris' ring road.

The production illustrates wonderfully that elaborate scenery and stage constructions are not necessary to draw one into the play. But the rumble of ten tonners changing gear has nothing Elizabethan about it and is very destructive of audience attention and actors' concentration.

## Northern Ballet Theatre/Sadler's Wells

**Clement Crisp**

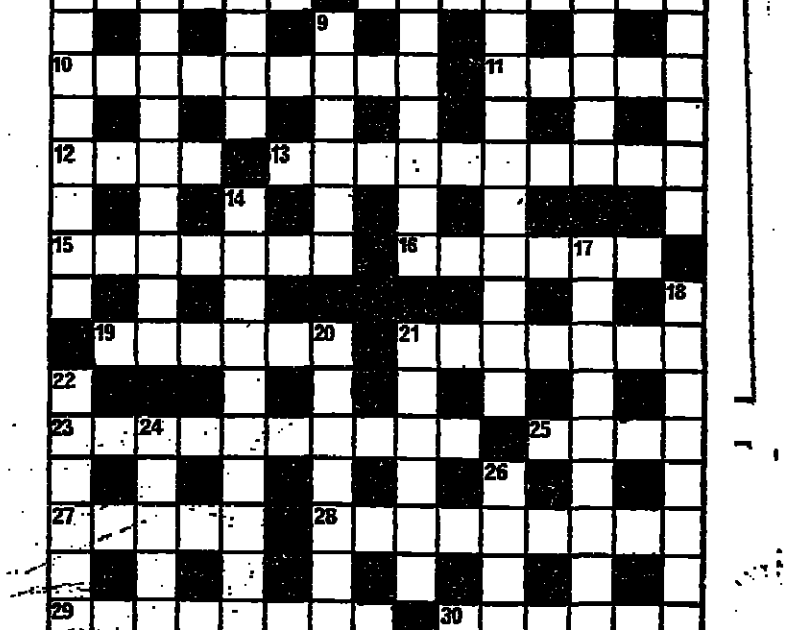
Northern Ballet Theatre's season in Rosebery Avenue opened last week with, for me, their insupportable *Cinderella*, and there followed the company *Midsummer Night's Dream*, to which I can award few bouquets. I am doubly happy, then, to report that the programme which ends their Sadler's Wells stay this week begins with a poetic and well-reasoned *Les Sylphides*. The staging is by Dame Alicia Markova, and in that fact we have all the explanation we need for the sweetly aspiring dancing of the corps de ballet, for the nuances of phrasing which sustain the expansive account of the score, and for the continued freshness of Fokine's imagery. Markova has transmitted to her cast — led by Cynthia Harvey and Ross Stretton, guests from American Ballet Theatre—something of her own impalpable grace in this ballet—which she learned from Fokine and preserves in his final editing. It is, and how rare it is, a production in which stylistic understanding unites the cast.

Nothing else in the evening made much sense. *Attraction* is a piece for four dancers by Michael Pink, set to Michael Berkeley's first string quartet. Given its first performance at last year's Cheltenham Festival, it proposes a game of not very musical chairs in which a couple—Lynn Jezzard and Martin Gurnett—become involved, variously, with Another Woman and Another Man (Alexandra Worrall and David Needham). Dutiful emoting to dutiful choreography does nothing to persuade me of any interest of the characters

Some of the rampaging in the succeeding *Le Corsaire* duet might not have come amiss. This found Sui Kan Chiang, who had danced a rapt Prelude in *Les Sylphides*, being yearned at by William Starrett, a guest with NBT, who barged vehemently about the stage but did not persuade me that he should be doing so. Both artists also joined in the final *Faust Divertimento* which offers Gounod's adorable ballet music transformed from a romp for furry-bloomered satyrs and ladies in tulle—with which the Bolshoy used to delight us—into a plotless display of academic platitudes by André Prokovsky.



## F.T. CROSSWORD PUZZLE No. 4,918



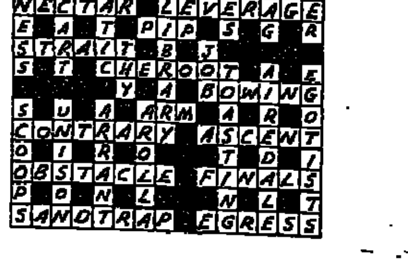
### ACROSS

1 Arrived with soldiers in a vaulted room (6)
4 Paddy, without right, creates an area of frozen water (3-5)
10 Fruit that soldiers have to throw away? (9)
11 Stomach a bit of rubbish (5)
12 Bill for a magistrate (4)
13 The lowest depths of despair could shake Shakespeare's weaver (4-6)
15 Left over that peculiar people take initially (7)
16 Look closely, that is, for a Scottish peg-top (6)
19 The time to flavour 22 Down? (6)
21 Very intelligent about a chopper (7)
23 Man of action in the main? (10)
25 Burden that is ours (4)
27 Distribute a product (5)
28 Architectural decoration that sounds like a flax field (5-4)
29 A bit immature but envious (8)
30 One who asks earnestly for legislature (6)

### DOWN

1 Perfect transcript to reserve (8)
2 Treat roughly a soldier with feeling (9)
3 Raise the end (4)
5 Investigate an examination (5-2)
6 Having put on weight around the house should show how deep it is in the main (10)
7 Expel eastern leader to Victoria (5)
8 Had visions of doctor joining mixed team (6)
9 Shoot a descendant (6)
14 Fish that swells encourage (3-7)
17 Originate nought on railway but a catalogue (9)
18 Cause right for a valiant enthusiast (8)
20 Fools name abundance (7)
21 Card game that's a sin in company (6)
22 Skip 9 Down (6)
24 Refuse to shrink (5)
26 Snarl a row on the way up (4)

**Solution to Puzzle No. 4,917**



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# Polish debt; game of bluff

THE LATEST chapter in the Polish debt saga opened this week with the meeting in Vienna of Western bankers and Polish officials to discuss rescheduling at least part of Poland's 1982 debts. The prospects are not good. The pros- supposed to repay a total of nearly $7bn in principal and $3bn in interest on its convertible currency debt this year, but with no new credits and few hard currency earnings exports it cannot scrape together enough to pay the full interest amount. Yet, it is essential that rescheduling get under way and that western governments join the discussions.

The fact that the Vienna meeting took place at all is a concession on both sides. Last year the commercial bankers insisted that their governments must make the first move and reschedule that part of Poland's 1981 debt which is officially guaranteed, before Poland's 1981 commercial debt could be rescheduled.

The rationale for this insistence by the bankers still holds good. Should governments, the U.S. for instance, choose to call Poland formally in default, the bankers would be left at the end of the queue of claimants on Polish assets, holding a worthless Polish promise of repayment in several years time.

### Pressure

However, following the imposition of martial law in Poland last December, the Western governments refused to talk about rescheduling their portion of Poland's 1982 debt. With some of their number worried, the effect on their balance sheets of continuing to get no return—not even interest—on their Polish loans, the Western banks have gone back to the negotiating table.

For its part, the Jaruzelski government initially said it would not reschedule with the Western banks unless it did so in tandem with the Western governments. This was in part a device to use Western bankers as pressure against the Nato sanctions on Poland which, in addition to a refusal to reschedule official debt, include a freeze on new credit to Poland. But Western governments have held firm, and so Poland has concluded it has something to gain from even a partial rescheduling.

The question for western governments is whether holding firm means as much now, after seven months of martial law. The Lebanese and Falklands wars have lessened international attention, and therefore to some extent pressure, on Poland. It is true that such pressure was a factor behind General Jaruzelski's moves in early May to free some internees and partially to relax the curfew. But this liberalisation came to a dead stop when it became clear that the Polish people did not feel grateful, but merely freer to express their feelings in street protests. Hints of a further relaxation of marital law later this month have been made in Warsaw, but if this materialises it is likely to be minor.

### Creditors

Thus, Western governments are unlikely soon to get the lifting of martial law, release of internees and resumption by General Jaruzelski of dialogue with Solidarity and the Church — the three conditions. Nato set for removing economic sanctions. In these gloomy circumstances, Western governments would do better to discuss rescheduling, which actually places more of a financial constraint on Poland than refusing to discuss its debts.

Poland is at present getting off scot free on its debts, while rescheduling would require it to pay at least some interest and fees to its creditors. Besides, the present impasse is placing a great strain on the 500 banks involved, some of whom might soon be tempted to break ranks and go their separate ways, either calling a default or doing individual deals with Warsaw. A uniform approach remains vital.

The Western negotiating hand is not as weak as is sometimes supposed, and there is no reason for Poland to be allowed to get away with its demand for postponement of all interest as well as principal this year.

The ultimate threat of the West calling Poland in default initially appeared an empty one in Warsaw, and in Moscow, to the extent that the West was worried about the effect of default on its own financial system. But anxieties that Poland could precipitate a collapse in Western banking are less marked than they were a year ago, as banks are beginning to write off some of their Polish loans.

Equally, for Poland to declare a moratorium or default on its debts would have widespread ramifications for all Comecon countries, a fact of which the Soviet Union, the bloc leader, must be reminding the Polish government. Such an action would virtually rule out Poland ever succeeding in its application to join the International Monetary Fund. In view of the potential significance one day of the IMF to Polish recovery, it seems unlikely Poland would want to forego this potential source of finance.

# U.S. flirts with single-rate tax

THE IDEA of a single-rate income tax, without exemptions, which President Reagan has pronounced "interesting" is rapidly gaining ground across a remarkably broad range of American opinion. Since it could also provide some relief on the interest rate front, the debate is of more than curiosity value on this side of the Atlantic.

The present combination of high marginal rates and generous exemptions, which is broadly the rule in all Western countries, has grown up for what has seemed the best of reasons — the desire for a progressive tax system, the growing demand for welfare, defence and education, and the desire to provide incentives for particular forms of behaviour be it contractual saving or owner-occupation.

The result, unfortunately, is bought at a heavy cost, for the system as a whole combines high disincentives at the margin with low efficiency. In this country the known tax expenditures on personal allowances, mortgage relief, pension provision and the rest eat up half the potential revenue of income tax. In America, where exemptions are more widespread, the effect is still more expensive.

### International

One allowance is an international matter: the exemption of interest payments on personal borrowing. This halves the cost of debt service for most large borrowers and consequently raises the level of U.S. interest rates needed to obtain any given degree of credit restraint. The OECD, speaking for most European finance ministries, and a growing number of Americans—including all the governors of the Fed—would like to see this allowance abolished, preferably to help close the fiscal gap.

The single-rate proposal would offer half this benefit: it would abolish the incentive to borrow, but hand back the proceeds to taxpayers, or so it is to be presumed. Even this half loaf would be better than no bread; and the experiment in general would be fascinating.

A single-rate tax at perhaps 15 per cent has an obvious appeal for the President, who believes strongly in cash incentives. It also appeals to more liberal political minds for rather different reasons. It would put an end to the spectacle of the rich avoiding their obligations by borrowing, or buying oil wells for the depletion allowances or businesses for their accumulated losses. It might also make it politically easier to finance more liberal expenditure programmes.

This last point is obviously a warning as well as a promise. Efficient taxes, like efficient (indexed) government borrowing, are politically neutral; they are of the same potential value to privatisers and high spenders. Inefficient systems are beloved of civil servants because they restrain the wilder actions of elected governments. The single-tax proposal can thus be seen as genuinely radical and risky.

### Exemptions

However, the personal incentive effects of much lower marginal rates might well be dramatic—and they need not be single rates. The idea of financing tax cuts by reducing exemptions is quite distinct from the argument for a single, uniform rate. In this country, for example, a bonfire of exemptions—including the now redundant allowances for family responsibilities—would make it possible to cut all tax rates by 10p without loss of revenue, maintaining a progressive structure, with a universal personal allowance at the present level. This would help those caught in the poverty trap as well as the rich.

The many variations on this theme—a single rate, a single rate plus an effective wealth tax, or a negative income tax with a higher rate—are the stuff of much future debate; but the idea of attacking the sacred herd of the fiscal system, the long list of tax expenditures, does look like an idea whose time has come.

EUROPE'S BANK WORKERS

# Costs of a cashless future

By Brian Groom, Labour Staff

HOW MANY jobs will the cashless society cost? This is a profound worry for employees in the finance industry—particularly those in the sprawling labour-intensive branch banking networks of Britain and Western Europe.

They fear an electronic holocaust. Or, to be precise, activists in a number of their unions do. Meetings have become dominated by the "threat" to the number and quality of jobs, which many believe will swamp issues such as pay.

The UK's Banking, Insurance and Finance Union (Bifu), one of the loudest voices, warns of a catastrophe if new technology continues to be introduced on employers' terms. Although European unions are not united on the extent of the threat, and acknowledge that full automation is far off, many others are worried.

Mr Fritz Johansen, of Norway's NBF, remarked in collating responses from members of Fiet—the private sector white-collar workers' international—that European bank employment may be decimated in the next decade. In the longer term he envisages "perhaps even a banking network without manned branches."

Most unions insist they are not Luddites, and welcome new technology on what they regard as acceptable terms—by negotiation, with guaranteed job security, and with benefits passed on to workers, particularly in reduced working hours.

But last October representatives of 1.7m bank workers worldwide voted at a Fiet conference in Lisbon to back direct action against the introduction of new electronic equipment if employers refused to consult them. New technology has recently sparked off disputes in Ireland and the Netherlands.

Also in Lisbon, representatives of insurance workers—affected by parallel changes—called for a similar policy of non-cooperation.

Banks have three replies. First, many argue there is no prospective threat to jobs. Barclays Bank UK, Europe's biggest banking employer, believes that an underlying 1 to 2 per cent growth in staff will continue for the foreseeable future.

Second, banks say, jobs certainly would be jeopardised if they failed to keep pace with their competitors' technological developments. And third, as Barclays' chairman, Mr Deryk Weyer, put it: "The cashless society will remain a myth for as long as we can see."

That does not rule out, however, a society which uses less cash and fewer cheques. A worldwide tapestry of cash dispensers, home banking, electronic payment for shopping, and payment of bills by telephone is being woven. The inset panel is only a sample of the developments.

Retail banking is the growth prospect of the decade. The winners will be those—not necessarily traditional banks—which seize the most efficient technological opportunities to exploit it.

## THE "THREATS" TO STAFF JOBS

● **POINT-OF-SALE TERMINALS.** The sine qua non of the cashless society. Shoppers use a card at check-out computer terminals in stores and supermarkets, directly debiting bank accounts to pay for goods. English clearing banks have linked up to plan the introduction of a UK wide system in three to five years, but questions remain. In spite of limited schemes in the U.S. and Europe, not yet a widespread reality.

● **AUTOMATED TELLER MACHINES (ATMs).** Electronic self-service tills sprouting through the walls of bank branches and elsewhere. In Japan, which has 25,000 of them, they line the walls of bank halls. A German study estimated each ATM displaced 1.32 full time staff. Britain's National Westminster Bank is considering this at a shopping centre branch, where space is limited and business unsophisticated.

● **IN-STORE BANKING.** Britain's Banking, Insurance and Finance Union says the growing installation of ATMs (and some counter terminals) in factories, hospitals, stores and supermarkets—filled by shop workers—will mean "the psosible closure of bank offices and a reduction in bank jobs." Some retailers are themselves starting to follow the route charted by Sears Roebuck in the U.S., by offering financial services paralleling those of banks.

● **BRANCH COMPUTERISATION.** Back offices in UK bank branches remain much as Dad's Army's Captain Mainwaring would remember them. But mini-computers and word processors—already used in insurance—are on the way. Natwest is introducing the IBM 8100 computer in 51 branches for customer records. It may be the beginning of the end for dog eared files—and much routine branch work.

● **HOME/OFFICE BANKING.** Citibank and Chemical Bank are among U.S. banks experimenting with customers carrying out transactions at home on computer terminals. Facilities are already on offer to corporate customers of many U.S. banks. In West Germany more than 3,000 bank customers play at bank tellers at home by means of view data. British banks are considering their options, but may come up with something short of full home banking. Many European banks are hesitating.

"The only way to serve the mass of consumers economically is through the provision of cash, loans and savings facilities by electronic and mechanical means with the minimum of personnel and real estate," says Mr Weyer.

Pressures forcing the world's banks to examine staff costs include inflation, the cost of funds, competition from non-banks and quasi-banks, and the increasing willingess of customers to shop around.

Mr Bill Turner, a principal in the London office of McKinsey, the business consultants, said this spring that the easy profits of European banks in "cartel-like environments" were coming to an end. They would face competition like that which already confronts U.S. banks, he said.

Mr Eckert van Hooven, a managing director of Deutsche Bank in Germany, at the same conference, attacked Mr Turner's analysis as "highly theoretical and ridiculous." European banks had more to offer private customers than U.S. banks, he said.

But several bankers agreed with Mr Turner. It is hardly surprising, therefore, that unions are nervous. Nearly 80 per cent of European bank jobs are in branches.

In Mr van Hooven's own country, the DAG union believes 5 to 10 per cent of the 44,000 branches will close during the 1980s and that 10 per cent of the 500,000 employees in the credit sector will be made redundant.

It calculates that the cost of running a self-service branch is DM80,000-100,000 a year (£18,700-£23,300), compared with DM 350,000-400,000 for a five-person branch. This helps to explain why technology is the banks' main answer both to competitors which start without cumbersome branch networks, and to their own need to contain costs.

Staff costs are high throughout Europe. In the English clearing banks, they account for two-thirds of operating costs. According to Retail Banker International, staff costs of the big four rose by between 16 and 22 per cent in 1981, and only Lloyds avoided a rise in the proportion of personnel expenses to net interest income.

Unions in Britain, Sweden, Denmark, Belgium, Austria, France, Norway and Italy say branch networks have already been under review, and some smaller offices closed. The expansion of branch networks which occurred up to 1975 has virtually stopped, partly because of high ratios of branches to inhabitants.

Bankers, although far from united, try to calm union fears by arguing that workforces have continued to grow during 20 years of considerable technological change, including computerisation of accounts.

In the UK, transactions are growing by roughly 7 per cent a year, banks say, and staff by an underlying 1 to 2 per cent: the gap is covered by productivity gains, including those from technology, and they see no reason to suppose the pattern will be broken.

The unions' case is therefore far from proven—and will remain so as long as the future of point-of-sale terminals and home banking is uncertain. But *prima facie*, and allowing for the uncertainty of the timescale, their argument that employment levels will fall is strong, for two reasons.

First, there is the sheer number of potential developments: if all came to fruition, the effect would be revolutionary. And second, the rapid growth in staff since 1960 is already stagnating.

This is not necessarily because of technology—the near-saturation of some bank networks is a factor—but it means that any major technological, labour-saving changes in future could actually cut workforces, rather than simply curb their growth.

According to the European Trade Union Institute, banking and insurance staff in Belgium, for example, grew by 10.2 per cent a year between 1964 and 1974, but by only 0.7 per cent a year in 1974-77—and the pattern was similar, if less startling, for other countries.

Figures from the English clearing banks show that between 1960 and 1975, their staffs grew at 4.1 per cent a year. In 1975-80, the rate was down to 2.4 per cent. Now Barclays is talking of 1 to 2 per cent.

Last year, the staffs of the five main English clearers (plus Coutts) fell by 6,500 to 231,000. Bifu takes this as a sign that new technology is already beginning to bite. The banks say it was caused largely by the recession: they were compensating for over-recruitment the year before, when staff turnover fell sharply.

Some observers believe that as many as one-third of European banking jobs are at risk. Many unions are vague, however, and some highly cautious. Mr Jack Britz, general secretary of Britain's Clearing Bank Union, foresees UK staff numbers roughly unchanged in 1990, but falling by AD 2000. Britz, he says: "We are seeing more change than has taken place in the banks since the 1800s, at a time when the unions are weak because of recession and unemployment."

So-called "deskilling" of jobs is another factor worrying unions, although they are not unanimous: Danish and Austrian ones say technology has had a positive effect on work skills. The de-skilling claim amazes the banks, who say technology removes boring tasks.

Unions, none the less, can cite examples of "de-skilling." Bifu, in a detailed analysis of possible "post-technology" jobs at Midland Bank, claims that 70 per cent of the workload of a securities clerk, handling stocks and shares, would disappear. In small offices these clerks would help market new services, Bifu says, but in large banks their numbers would be reduced—narrowing a promotion route for junior clerks, who would become frustrated.

On present evidence it appears unlikely that unions will be able to stave off the technology "threat" or turn it to their advantage. Their main thrust is to reach "new technology agreements" with employers, guaranteeing job security and negotiation rights.

Nordic unions have been successful in this, although some are realising that their agreements are open to varying interpretation, and will need to be backed with vigilance and strength. But employers in many countries refuse to negotiate at all.

Some unions acknowledge that technological change is necessary, in spite of their fears. And those which are alarmed have difficulty in alerting their members to a "threat" which is insidious rather than dramatic.

In the UK, Bifu, frustrated in its attempts to win new technology agreements, is prepared to back members who refuse to accept the imposition of technology. But at its annual conference in April a call to refuse to operate any equipment introduced without agreement was defeated—because it was impossible to guarantee members' support.

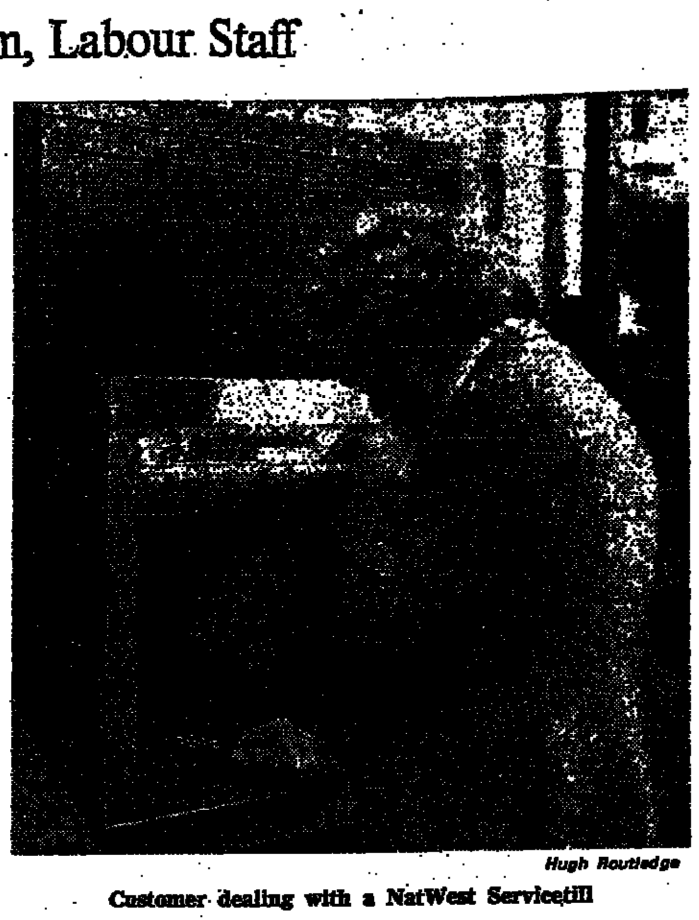
An example illustrates why. At a recent computer conference, an activist who had worked at National Westminster's Surbiton branch claimed that the IBM 8100 office computer—which stores branch records, and was being tried out there—could cost 1.5 jobs per branch. Applied across the NatWest network, he said, it meant possibly "4,500 jobs down the drain."

But at Surbiton, there are few such fears among staff who no longer have to run around chasing paper files. Ms Lin Oram, manager's clerk, is a Bifu member but ignores half its warnings on technology. "It's a load of rubbish. There's only so much this little thing can do," she said.

This, Bifu says, is its problem: staff who comply unquestioningly with the introduction of a new machine may be speeding up their own obsolescence—or someone else's in another part of the network.

Personnel managers, however, do not rule out technology disputes—possibly arising obliquely out of the UK industry's unsatisfactory negotiating set-up, with two rival unions.

Nor are further disputes ruled out in other European countries, where the issue will create a difficult industrial relations climate for the foreseeable future. A battle, of course, could be disastrous for both employers and staff. Competitors would laugh all the way to what used to be the bank.



Hugh Routledge

Customer dealing with a NatWest Servicetill

## EUROPE'S BIGGEST BANK EMPLOYERS

| Bank* | Employees† | Rank by assets less contra accounts |
|---|---|---|
| Barclays Group | 117,882 | 4 |
| National Westminster Bank | 84,000 | 7 |
| Midland Bank | 82,800 | 8 |
| Lloyds Bank | 66,033 | 11 |
| Credit Agricole | 63,339 | 2 |
| Banque Nationale de Paris | 50,701 | 1 |
| Deutsche Bank | 44,800 | 6 |
| Societe Generale | 33,812 | 5 |
| Dresdner Bank | 31,070 | 9 |

* Excludes Credit Lyonnais (unavailable) and London-based Standard Chartered (54,646). † Includes some overseas staff.

Source: The Banker

# Men & Matters

## Hot water

The Prime Minister's lack of love and respect for nationalised industry chairmen is well known. But the treatment meted out this week to Sir Robert Marshall, chairman of the National Water Council, is still remarkable.

He was only told at 9.30 am on Wednesday that the Environment Deprtment would that afternoon announce its intention to abolish his council which co-ordinates policy for regional water authorities.

"I had no inkling or prior warning of any sort—apart from an invitation to a meeting at the Department on Tuesday evening which I couldn't make," he told me yesterday. "It came totally out of the blue."

A former chairman of the Nationalised Industries' Chairmen's Group (he is now the financial spokesman), Marshall deplored the lack of consultation.

But he is used to the cold shoulder — Mrs Thatcher brusquely dismissed a request from him for a personal meeting in October 1981 on the chairmen's salaries, saying she was too busy and that he should talk to Sir Geoffrey Howe. Marshall had earlier been outspoken about the problems created by the polarisation of political parties' industrial policies.

The Government plans to wind the council up in September next year when Marshall's current £24,500 a year contract expires. Wage negotiations will then switch from the council to the regional water authorities, so possibly reducing the militant power of water workers.

Marshall and his colleagues believe that is a bad idea because it could lead to leapfrogging between different regional bargaining groups. But from Mrs Thatcher's point of view, the combined victories of abolishing a quango, losing an outspoken nationalised industry chairman, and upsetting a trade union clearly win the day.

## Out of office

Breaking the mould of British politics is one thing, geeting your own room in the House of Commons is another.

Roy Jenkins is said to be less than amused by the fact that as leader of a major minority party he should still have difficulty in finding an office.

What makes it worse is that he is having to lodge for the moment with Mike Thomas, the Social Democrat MP for Newcastle East—and the man who managed the leadership campaign for his rival Dr David Owen.

## Gold dust

Remember the gold rush in the winter of 1979-80 when the price doubled to $850 an ounce within a few weeks and then slumped even more rapidly? There were many explanations: the U.S. hostages crisis, Afghanistan, rumours of a Soviet invasion of Iran, a sudden switch of Arab oil funds.

But it was due to none of these, according to a Houston lawyer Don Bernard. It was caused by a massive manipulation of the market by the Swiss subsidiary of a major world bank.

Bernard says that he and a specialist in precious metals investments, Gordon Briggs, were engaged by an anonymous Greek billionaire to sell a 2,000 ton hoard of gold bullion.

Dumped on the open market, it would have caused a huge fall in the gold price. But the Greek wanted it sold quickly. Bernard and Briggs eventually found private buyers and devised a method of completing the transactions through the international banking system.

This involved bank-to-bank letters representing the willingness and ability of private investors to buy 2,000 tons of gold.

In early December 1979, the letters were sent to the Swiss bank. The letters were due to be returned within 48 hours. A month later, they were still missing—and the price of gold had rocketed.

The bank, says Bernard, had used the letters to manipulate the market by representing the private sale as a public demand for 2,000 tons of gold. The international treasurer of the bank did not deny it, but challenged them to do anything about it.

Bernard brought his story to a London publisher in the Spring of 1980—and it forms the basis of a readable financial thriller, *Bullion*, by author and TV scriptwriter John Goldsmith, published yesterday (Sidgwick and Jackson £7.50).

If truth is stranger than fiction, it is also sadder. The book ends with the heroes turning the tables on the banker. "In fact," the bearded Bernard tells me, "most of the gold has still not been sold and we never got the fortune in commission we expected. We started a legal action in Switzrland but gave it up."

## Exit Spens

Whether you see it as a coup clearly depends on where you stand.

Charles Williams, chairman-elect of merchant bank Henry Ansbacher beamed delightedly over his recruitment yesterday of Morgan Grenfell director, the Hon. Patrick Spens.

"Patrick will be running the bank and that is not a simple thing," Williams exclaimed. Spens, he declared, was "a colourful chap, an entrepreneurial sort of merchant banker" who had been responsible for over 100 mergers during his 12 years with Morgan Grenfell.

But over in Great Winchester Street, Christopher Reevs, MG's chief executive, played down the loss. "He is a very able person, but we have a big corporate finance division. To lose one of 10 directors is not a great problem."

Spens was the man who advised Ansbacher on the deal earlier this year under which the bank took over insurance and ship brokers Seascope Holdings. A colleague of Spen's at Morgan Grenfell, commenting on his departure to "join one of our clients," reckoned that Spens would nejoy "being a rather large fish in a small pond" at Ansbacher.

Spens is taking with him into the fish-pond his colleague Roger Cort and former colleague Peter Phillips, who has been out in Singapore working for Private Investment Company for Asia.

Back at Ansbacher, Williams was still glowing about the Spens entrepreneurial style. "So many merchant bankers are like lawyers and accountants these days. Patrick is a deal creator and a deal closer," said Williams.

## City lights

My lines the other day about the "Indispensable Man" recalled for a reader a verse that used to be quoted in similar vein about the activities of the City.

It is, he says, a helpful code for any investment analyst to live by:

"In the City
They sell and buy,
And no-one ever asks them:
why?
But since it contents them
To buy and sell,
God forgive them,
They might as well."

*Observer*

POLITICS TODAY

# If it were as easy as that . . .

By Malcolm Rutherford

MR ROY JENKINS said when he won the leadership of the Social Democratic Party last week that the central issue at *the next general election would* be unemployment. Conventional wisdom, even reason, suggests that he must be right. It is *impossible for it to be otherwise.*

Yet the issue is perhaps more subtle than it sounds. The public debate cannot be—*is not*—simply: "Three million unemployed is a national disgrace. Something must be done about it." If it were as easy as that the Labour Party, which tends to think it is, would be doing much better in the opinion polls.

Somewhere along the line something has changed. The 3m mark, like the 1m and 2m marks before it, was passed without quite the predicted outcry. Dealing with unemployment has become more of a "how" question, and the answers are very uncertain. There may be a spreading awareness that what is going on is a kind of structural change. We are in a transitional period towards a *different society.*

Whoever deals with that problem best, and is perceived to do so by the public, is most likely to win the election.

Here are some random examples of the change that is occurring, including the change in perceptions. Most of them draw on West Germany, which used to be considered a model.

The German unemployment figures for June came out this week and—at 1.65m—show a rise of nearly one-third compared with a year ago. The number of vacancies *continued to fall.* Not much more than a decade ago, German unemployment figures were virtually non-existent. The *only indicator worth looking at* was the number of vacancies, which was at times astronomic.

The other day Herr Guenter Steffens, *the head of the* Dresdner Bank in London, told the German Chamber of Commerce: "What used to be called the '*English disease*'—England has pioneered not only the industrial revolution but it seems the beginnings of the *post-industrial society—is no* longer a British exclusive. . . Unemployment, high interest rates, static or declining manu*facturing industries are no* longer the British prerogative. . . The difference is—it does seem to *me—that the* 'time of troubles' in Great Britain is beginning to lift while our troubles in Europe are only just *emerging.*"

Again, this week Herr Wolfgang Roth, once a fiery, now a somewhat mellowed, German *Social Democrat MP, was in* London seeking to persuade Lord Weinstock that if GEC were to buy the ailing German electrical giant, AEG, it would not simply acquire the technology and liquidate the jobs.

That itself is a turn-round of the first order. Ten years ago, it was such companies as AEG and Siemens which, it seemed with almost unlimited amounts of cash, were threatening British high technology and its hold on third markets.

The last example is at home. It is the apparent crumbling away of the Aslef strike on the railways. It could be coupled with the way the Government is playing to the nurses by offering them more money than the ancillary workers in the health service dispute. Whichever way you look at it—and it *could be simply the result of* recession and high unemployment—there does seem to be a decline in trade union power as we used to know it.

The political point is that there is not much evidence that any of these developments are greatly unpopular. On the contrary.

None of this is an end in itself, or should be. The Government has succeeded in establishing that the old order is changing. It has switched the ground of the argument about union power and state intervention. The rise of the Social Democrats is an acknowledgment of that fact. Neither Mr Jenkins nor Dr David Owen want to go back to the *1960s or 1970s*: nor do they think that it would be possible to do so. But neither the Tories nor the Social Demo*crats seem to be sure of what* should arise in the old order's place.

The Tories have the addi*tional doubt of not knowing* whether they should do anything at all to create a new order except to continue to try *to bring down inflation. That* was the main thrust of Sir Geoffrey Howe's Cambridge lecture last weekend when he *said:* "*We will be the first* government in a quarter of a century under which the

The wave of the victor: Roy Jenkins, after the SDP leadership poll result was announced

average inflation during our term of office is lower than that of our predecessor."

Yet perhaps the needle on the gramophone record has become stuck. The problem has moved on. Inflation is being brought down in a way which (say) the French have never succeeded in doing: the best that the French have ever achieved was to establish a plateau for a few years — once around 7 per cent, then around 10 per cent, now around 14 per cent. The British rate has come down dramatically.

But something is missing: *there is no demand.* Spontaneous growth in response to the Government's policies has not occurred. No doubt there *are reasons, like high Ameri*can interest rates and international uncertainties. Yet the absence of demand has become a serious problem, undermining the Government's own aims.

*The car production figures,* published this week, are an example. In the first six months of the year car sales were down by 2 per cent on the first half of 1981, which was itself a pretty bad period. The new car market peaked in 1973.

Perhaps the post-industrial society requires fewer cars, though that hardly sounds compatible with the end of the age of the train. The point is that the Government has been pumping money into BL, allowing *it to buy robots and generally* become more efficient and internationally competitive, yet the company can still achieve only *18 per cent of car sales in* Britain.

It is said that some British manufacturing industries have reacted to the domestic recession by increasing exports. The trade figures reflect that, but it was Sir Geoffrey himself who argued that economic recovery would include the recapture of the home market. For whatever *reason,* the home market is falling away.

Possibly because of its own internal difficulties, the Labour *Party has not caught* up with this. You can see that in Question Time at the House of Commons. The real economic crisis is no longer unemploy*ment per se*: it is the dreadful output figures because they offer no promise that unemployment will be relieved. Mr Michael Foot, the Labour Party leader, has scarcely even raised the matter in this context.

The Tories have gone a bit quiet, too. There used to be an argument identified with Mr Geoffrey Rippon, the former Cabinet Minister, which might in shorthand be called the sewers argument. Where it lacked conviction was that nobody seemed to have done the homework to show that the sewers were falling to pieces. It sounded like an argument for public investment for its own sake.

Yet if the state of the sewers really is as bad as some people say, they are becoming a hazard to public health. Public money should be spent on their immediate modernisation. The same might be said about parts of the roads system. Some ambitious back-bencher might do some research on these matters. The case would not be for traditional reflation. It would be for essential repairs and improvements to the *infrastructure. The effects on* employment and on the economic growth rate would be the spin-off, and would be effects *worth having.*

That is where the Tories are stuck. They want very largely to dismantle the public sector, but they have not achieved it yet. In the meantime, things decay. The rail dispute has been rumbling on and off for most of this year, but still nobody knows what kind of a transport system the Government wants.

The other Conservative lacuna remains education. Sorry to harp on Sir Geoffrey's Cambridge lecture: it is the best and perhaps the only recent lengthy statement of a Tory vision of the future. But when it comes to education it is no more than a crude summary of ideas put out by the free-market Institute for Economic Affairs, probably improperly distilled from California. For instance: "A voucher system whereby parents would have an even greater choice of schools for their children and whereby standards might be raised through more competition is one *possibility.*"

How would such a voucher system work? At its purest, the parents would all want to send their *children* to the best schools, which would be physically impossible. It is a fiction to imagine there is that *degree of choice. The Tories* have not faced up to the fact that part of the old educational system was destroyed by the abolition of direct grant schools, and that private education is becoming too expensive even for some of their own supporters. The teachers say that standards are falling as education becomes something that can be bought.

Sir Keith Joseph, in the days when he was given to philosophical speeches, used to argue that it was essential to create a common ground between the political parties in *which they might dispute the* details and the methods, but not the fundamentals. It is what the Austrians and the West *Germans mean when they talk* about the need for consent or social consensus. Mr Denis Healey sometimes talks the same way.

What has happened in British politics is that the Conservatives and the Social Democrats (not *forgetting their Liberal partners* in the Alliance) are on the way to establishing a common ground. No one is quite sure *where to go from there.* That is why the Alliance still has an enormous opportunity to define its ideas before the election, and why the Tories should not rest on their laurels. We are in uncharted territory.

While it may be some consolation to find that the Europeans have caught up with our miseries, that is not a remedy for getting out of them. The 3m unemployment problem, with no prospect of alleviation, is still pretty acute.

## Lombard

# St Michael and the pension funds

By John Plender

TEN YEARS ago institutional shareholders were under heavy attack from both Whitehall and the Bank of England for failing to ginger up British industry. The voting power attached to the institutions' equity stake in the corporate sector should, so the argument ran, be more widely used to prod inefficient companies into a better performance since the institution's shareholdings were too big to permit them to sell out.

No matter that few fund managers had much direct executive experience in industry to equip them for the task. They had significant holdings in such companies as British Leyland and Alfred Herbert when the rot set in. Let them recognise, said the critics, that ownership entails responsibility and that the time has come to get stuck in.

Today scarcely a month goes by without the institutions taking issue with one company or another. The pension funds, whose British equity holdings are probably valued at £30bn or so, appear particularly anxious to stir things up. The question is, to what end?

Consider the nature of some recent *causes célèbres.* Probably the fiercest of the battles fought by the pension funds concerned Allied Breweries' £64m bid for food group J. Lyons. Here the institutions, led by Mr Hugh Jenkins of the National Coal Board pension fund, objected to the brewer changing the nature of its business, even though it was not in breach of either the law or the Stock Exchange rule book.

### Colourful

Less portentous, but more colourful was the Post Office pension fund's attempt in the courts to prevent Associated Communications Corporation, then run by Lord Grade, from giving a £650,000 golden handshake and other perks to outgoing managing director Mr Jack Gill. Similar concern led to a house purchase deal for the chairman of Burton Group being scrapped.

More recently the pension funds, the Coal Board fund again prominent among them, have expressed doubts over Globe Investment Trust's involvement in Mercantile House's *takeover of the* American brockerage house Oppenheimer; they are worried that Globe's commitment to Mercantile after the deal will be large in relation to its portfolio. Then there has been the case of the West Midlands County Council pension fund which raised questions about BAT Industries' cigarette sales in the Third World. And finally, last week, we have seen the chief executive of the Post Office pension fund criticise Marks and Spencer, no less, for failing to disclose that seven directors had leased houses from the company before they were legally obliged to do so by the 1981 Companies Act.

What these examples of pension fund gingering have in common is that they were concerned only tangentially with extracting a better performance from British Industry. Instead the aim was to ensure that managers played by the rules and that companies conformed with the institutions' own portfolio requirements.

The reason for this apparently narrow preoccupation may simply be that more direct efforts to press management into greater efficiency have escaped attention: much institutional activity goes on behind closed doors. Another possible explanation, however, is that it is much easier for fund managers to take management to task on ethical or narrowly financial issues than on the more tricky subject of how to run the business.

No doubt the stand on perks is entirely justified now that the top rate of income tax is down from 83 per cent to 60 per cent. But all this high morality comes a little oddly from the pension fund managers, who are among the least regulated of creatures. They are not exposed to the same legal constraints or outside scrutiny as industrialists. Nor indeed to gingering.

And what, apart from the public relations effect, does their activity achieve? As Marks and Spencer director Mr Albert Frost said, in effect, last week: if the institutions object, let them sack us—a rhetorical challenge that admirably describes the limits of pension fund power.

# Letters to the Editor

## True measurement of profits

*From the Finance Director, Vickers*

Sir,—From the top of the Tower in Millbank I have a particularly good view of the *empty* lines from Victoria and Waterloo, ground to a halt, as Lex suggests today, by the blinkered, historic *outlook of Aslef.* It is to avoid a similar standstill in industry that many of us strongly advocate a form of re*porting distributable profits* which takes account of inflation. SSAP-16 may not be the answer, but machinery has been established *to try to find a practical,* not reactionary, solution acceptable to both producers and users *of accounts.* Further time is required to finalise this process. What does seem incredible is that *many of those with* neither the need, nor clients with the need, should oppose some positive, forward thinking. Indeed your leader and the letter from Mr Richard Allen highlight the purpose of it all, which is the measure*ment of distributable profits.*

A more realistic long-term appreciation of distributable profits is essential to keep industry on rails which do not lead to disaster.

Tom Neville,
Finance Director, Vickers,
Chairman of the CCA
Monitoring Working Party.
*Vickers House,*
*Millbank Tower,*
*Millbank, SW1.*

## May we beg to differ

*From Mr Martin Haslam*

Sir,—It is with regret that we note that your newspaper editorials and some of your leading articles are becoming more and more wishy-washy daily. This was particularly noticeable during the Falklands crisis when many of your readers must have wondered whose side you were on. Brendan Bracken must be turning in his grave.

We have read the comments about CCA in Wednesday's editorial and two points must be made. Firstly, we are only too well aware of the effects of inflation and have ourselves called for voluntary supplementary information to be produced in the accounts of public companies to show the effects of inflation on shareholders' funds. Secondly we have never reneged on any implicit bargain for the simple reason that we have never made any bargain.

We are happy to have the *support of our fellow accountants* who have the onerous burden of actually having to produce the meaningless figures *required under SSAP 16 which* Lex and others write on. At the time of writing this letter, despite the hostility of the en*tire accountancy establishment* we are actually leading in the poll. Whatever the final result of the voting it is now clear that *we have won our case and that* SSAP 16 must be withdrawn before the end of the year.

Martin Haslam, David Keymer.
Keymer Haslam,
*4/6, Church Road,*
*Burgess Hill, Sussex*

## Falklands in the Court of Justice

*From Mr H. A. Rhee.*

Sir,—Now that shooting and bombing on and around the "Falklands" Islands has ceased is there any *reason* why the dispute should not be settled by the International Court of Justice?

*It appeared, earlier, that the* Government of the United Kingdom was never opposed to this. The President of Argentina was. He is *no longer in* office.

As the islands were discovered by Captain Sebaldus de Weerdt, *sailing in the service of* the Netherlands, does it not seem particularly appropriate that the dispute should now be settled once and for all by the International Court of Justice at The Hague?

H. A. Rhee.
*12, rue du Vidollet,*
*CH-1202 Geneva.*

## Exporting unemployment

*From The Director of Studies, Trade Policy Research Centre*

Sir,—In a speech in New York on June 28, Mr Rees took the U.S. to task for "exporting unemployment," when commenting on the Commerce Department's findings on European steel subsidies. Reasonable men can differ about those findings but Mr Rees' self-righteous tone goes far beyond what is pleasing. Thus, any disinterested observer must recognise that the subsidies afforded to European steel industries were courting this reaction. Moreover, the U.S. is at least (and at last) attempting to act in accordance with its laws, which is an improvement *over the negotiated "deals"* the European Community generally seem to prefer. Finally, and most important, a *country that is a party to the* Common Agricultural Policy, the European Community's policy on the Multi-Fibre Arrangement and a number of sectoral import restraint arrangements (including those on steel) cannot legitimately complain about export of unemployment. Just ask the residents of Hong Kong or Sri Lanka what they feel. Policy makers on this side of the Atlantic need to remember that there is no provision in the GATT (or anywhere else) that the Euro*pean Community* has a monopoly right to exploit protectionist devices.

Martin Wolf.
*1, Gough Square,*
*Fleet Street, EC4.*

## Mortgages and subsidies

*From Mr Andrew Ferguson.*

Sir,—While there is some substance in Mr Brace's letter (June 29), the weakness lies in his assumption that the lender and the borrower are *the same, or similar, people.* As separate individuals it is right that the lenders should have tax levied on their investments. *Now let us look at the borrowers* as a separate group. The situation is, as usual, confused by inflation. However, we can strip that *mask away by dealing* with the value of pounds at the start of the period, designating them e£. Assume first that a 30 per cent taxpayer takes a £25,000 mortgage and pays 13 per cent per annum interest in monthly instalments, with a 10 per cent inflation rate, then the net cost over a 20-year period, adding in the cost of finally paying off the mortgage is e£20,241 − e£3,716 = [illegible]; thus the associated part of the *property has been purchased* at a discount of e£1,043. By comparison a 60 per cent taxpayer would have total net costs of e£11,566 − e£3,716 = [illegible], and thus have purchased at a discount of e£9,715. Allowing mortgage interest as tax deductible might be described as a system of progressive alleviation, which partly cancels the underlying system of progressive taxation. It can also be seen as a subsidy from people not enjoying the alleviation, who are paying a higher rate of tax than they would if the alleviations were not granted. The full extent of the alleviations can be seen when one notes that without them the cost of borrowing would be [illegible] − e£3,716 − e£25,000 = [illegible]. Expressed on a [illegible] basis the tax saving amounts to [illegible] in *the first case* and e£[illegible] in the latter.

Andrew R. B. Ferguson.
*11, Harcourt Close,*
*Henley-on-Thames, Oxon.*

## Public sector wage bargaining

*From the Director General, Institute of Directors*

Sir,—With the country again plunged into a damaging rail dispute, it becomes even more vital that the Government should make a start on tackling the question of monopoly power of trade unions in the public utilities, public services and state industries.

It is my belief that neither the Prior Employment Act of 1980 nor the current Tebbit Employment Bill equips the nation to deal with the situation we face: a public sector in which employees, members of monopoly closed shop trade unions, who operate essential services—or services as near *essential as makes no difference* —do not face the realities of their brethren in the private sector.

*In the light of the experience* of British Rail's business customers, travellers and commuters at the start of this week, *the Government must now work* out a method of ensuring that those employed in all public sector industries are encouraged *to balance their own aspirations* for improved pay and conditions against the current and *future performance* of the businesses in which they are employed.

The time has come for the Government to consider sensible alternatives and to decide which applies best to the kind of destructive confrontation which we are at the moment again suffering. One route might be to encourage no-strike agreements with public sector employees, in exchange for the establishment of a satisfactory *method of setting* wage levels. The system should take into account market factors, and could involve a form of bind*ing arbitration, modelled per*haps on the pendulum system, in which an arbitrator can recommend only the claim or *the award offered—and nothing* in between. Such a system encourages a *realistic* approach to pay bargaining on the part both *of the employer and the em*ployed.

The important thing now is to get the debate going, and to complete the task of bringing realism back into the system of pay bargaining, not only in the private sector, but among public sector employees as well.

Walter Goldsmith.
*116 Pall Mall, SW1*

# Imps rises 122% despite £10m 'transfer'

A 122 PER CENT increase from £29.7m to £65.8m in pre-tax profits is reported by Imperial Group for the half-year to April 30 1982, and this is despite deducting £10m from the tobacco division's surplus. However, group figures are still well below those for 1979-80.

*In the tobacco division, profits* were £43.6m against £25.4m after the £10m deduction, which was the profits on sales inflated by *exceptional trade activity* before and after the Budget.

The directors say these sales would normally have been made *in the second half of 1982* and by transferring the related profit of £10m, a fairer view will be obtained of the profit pattern *over the two halves of 1982.* Such abnormal circumstances were not present at April 30 1981 and in consequence, no adjustment to the figures for that half-year has been made.

Mr Geoffrey Kent, the chairman, says that at this stage, and *subject* to no unforeseen circumstances, he estimates that the group profit before tax in the second half will be similar to the good figure achieved in the comparable period last year. The results for the year as a whole should therefore be appreciably better than in 1981's £106m (£126.9m).

Turnover of this group, which has interests in tobacco, paper, board and plastics, food, brewing and leisure, rose 15 per cent from £2.12bn to £2.44bn. Tobacco contributed £1.23bn compared with £1.06bn, food *improved from* £564.5 to £629m, brewing and leisure was higher at £394.9m (£344.3m), the American subsidiary, *Howard Johnson was up* from £132.7m to £177m, but paper, board and plastics fell from £32m to £30m. Inter-group *sales were £26m compared* with £15.5m.

Group trading profits climbed by 64 per cent from £53.5m to £87.7m, *and apart from the* £43.6m from tobacco, paper, board and plastics returned to profit with £100,000 (£200,000 loss); *food soared from £1.5m to* £16.4m, brewing and leisure was higher at £28.1m (£24.4m), but Howard Johnson incurred losses *of £500,000 against profits of* £2.4m.

Share of associates' profits was down from £1.6m to £700,000, and *interest net of investment* income was £22.6m (£25.4m).

There was a big increase in tax, which rose from £4m to £13.3m, and after minorities of £100,000 (same) and extraordinary debits of £66.6m (£1.8m credits), there was an attributable loss of £14.2m against a profit of £27.4m.

Mr Kent points out that the large figure for extraordinary items is a *reflection* of the cost of restructuring the group, but he says he does not foresee the need to make substantial further *provisions in the second half.*

Commenting on the first half's figures, he says the improvement was encouraging, even allowing *for the unsatisfactory results* last year, for it arose despite a further volume decline in the UK tobacco and beer sectors, and the *continuing recession in the* U.S. which is still badly affecting the restaurant and lodging industries.

The group's performance was the result of decisive management action and the hard work of the employees in many parts *of the group, and is further* evidence, he says, that the near-term recovery programme is on target.

The redeployment *of some of* its existing assets is vital to this programme, he adds. In recent *months* it had acted to divest of interests which have impeded not only the financial performance, but also its strategic *development,* notably poultry and eggs in the UK, and poultry in the U.S. The former has been completed and negotiations for *the latter are proceeding.*

Commenting on the tobacco division, he says the effect of recent Budgets, together with the *distorted demand,* as mentioned earlier, is expected to lead to a much reduced level of sales of tobacco products in the second *half compared with* the first six months.

On the other hand, most of the trading activity of the Howard Johnson division falls in the summer months.

The interim dividend is unchanged at 2.75p and will absorb £19.8m (£19.7m). Earnings per share rose from 4.1p to 9.1p before tax, and from 3.6p to 7.3p after. On a CCA basis, pre-tax profits rose from £17m to £38m.

On May 18 1982 Imperial completed the sale of the whole of its UK broiler, egg, animal feed and meat trading businesses to Hillsdown Holdings for £48.5m. The external borrowings of these businesses, amounting to £5.3m at October 31 1981, were also taken over by Hillsdown.

## HIGHLIGHTS

Lex today takes note of the Bank of England's further reduction in bill borrowings rates, this time in the supposedly sensitive very short dated "Band one." The column then goes on to look at the currency markets with special reference to the cost of money in New York. It also examines Imperial Group which reports a jump in pre-tax profits from £30m to £66m for the six months to the end of April. Many problem areas remain within this company and its outlook is not more than fair.

# Ocean Wilsons slightly higher

PRE-TAX PROFITS at Ocean Wilsons (Holdings), investment holding company, improved by £210,000 to £3.52m, in 1981 over the previous 11 months. The final dividend is raised from 1.85p to *2.2p for a total of* 2.95p net against 2.6p.

At the interim stage, when profits fell from £2.32m to £1.88m, the directors said there was some indication that an improvement in cruzeiro earnings by subsidiaries was being maintained. But they said profit should not be less than in the previous year, subject to the usual caveat concerning exchange rates.

Also at the interim stage, the directors said results of associated companies continued to disappoint and taken at the time would not become effective till later this year.

Turnover for the full year was £46.79m against £39.19m for the previous 11 months. UK tax was down from £329,000 to £178,000, and overseas tax was unchanged at £1.65m, but there was a prior period's credit of £20,000 (nil).

Stated earnings per 20p share improved from 5.02p to 6.46p.

# John J. Lees profits slip to £84,660

PRE-TAX PROFITS slipped back at *John J. Lees* in the year to March 31, 1982, from £94,112 to £84,660, despite an advance in sales from £1.89m to £2.12m. At *midway the company* had warned that there was no real prospect of improving profitability for the year, but was hopeful that results would not deteriorate.

However, a final dividend of 1.9p holds the total payout at 2.6p net. Earnings per 10p share are stated at 7.56p (11.8p). Tax took £9,035 (credit £23,868).

Lees, a confectionery manufacturer, subscribed on May 12 for 25,500 ordinary £1 shares (51 per cent) at par in a newly formed company, Heather Cameron Foods, which will make meringues and other bakery products.

# John Booth incurs losses of £321,000

LOSSES OF £321,000 against pre-tax profits of £95,000 were incurred by John Booth & Sons (Bolton) for the year to March 31, 1982. At halfway, this structural and welding engineer reported profits of £4,571 against £34,354. Turnover for the full year fell from £9.3m to £7.69m. No dividend is being paid compared with 1p in the previous year.

There was a tax credit of £243,000 (£46,000 charge), leaving an attributable loss of £78,000 (£27,000 profit) after extraordinary debits of £11,000 (£19,000), but including minorities.

Losses per 25p stock unit were 7.74p against earnings of 5.23p. On a CCA basis, the pre-tax loss was £411,000 (£14,000 profit).

# Courts finishes ahead at £4.6m

SECOND-HALF TAXABLE profits of *£2.95m, compared* with £2.73m, brought the total for the year to March 31, 1982, at Courts (Furnishers) to £4.6m, as against £3.76m. Turnover for for the 12 months advanced from £59.25m to £68.23m, including UK VAT.

With stated earnings per 25p share of this house furniture retailer hardly changed at 13.6p (13.7p), *the final* dividend is being maintained at 1.95p net, making a same again total of 3.7p.

Looking to the current year the directors say that turnover overseas is well ahead. In the UK, trading conditions continue to be difficult, but signs of a slight improvement have become apparent in recent weeks.

The increased pre-tax *profits* were achieved, although the UK results were adversely affected in the last quarter by bad weather conditions at the beginning of the important January sale period they say.

As predicted at the half year stage, property disposal profits were also much lower than during the previous 12 months. Deduction from profits in respect of deferred profit was less, primarily as a result of a greater percentage of cash business being transacted in the UK and a growing proportion of credit trade being carried out through the company's in-house credit card as opposed to hire purchase. Deferred profit overseas however continued to grow, the directors say.

During the year, new stores were added at Hitchin and Southampton and overseas in Fiji, Hong Kong, Jamaica and St Lucia where the company is trading for the first time. In the current year, further new stores are being opened in Fiji, Hong Kong, Jamaica and Singapore as well as in the UK.

Trading profits were ahead at £7.53m (£6.99m) including the property disposal profits of £292,000 (£1.26m). Taxable profits were struck after interest and depreciation amounting to *£2.64m* (£2.35m), while tax took £1.39m (nil) and minority debits came to £285,000 (£196,000), leaving profits available for distribution of £2.92m (£2.95m).

Dividends absorb £813,000 (£812,000) including a payout of £24,000 (same) to preference shareholders, after which retained profits emerged at £2.11m (£2.14m).

### ● comment

Courts has been shielded from the cold winds blowing through Britain's *furnishings industry* by its umbrella of overseas profits. A strong performance in the Caribbean, Fiji and Australia provided the 26 per cent increase in trading profits. The brightest market has been Jamaica where the company plans to double its outlets this year. The island's middle class is Courts' ideal customer.

Some 85 per cent of furnishings are purchased on hire purchase which boosts the retailer's profits, and Court's slightly old fashioned image also appeals. The Australian result was an indication of the company's strong position in the Queensland market but intense competition and the downturn in the economy could lead to future problems. However, it is the UK, that Courts faces its greatest problems. Depressed prices from its suppliers have enabled Courts to maintain margins, but this is seen as a temporary phenomenon. Its mainly Southern English customers pay increasingly with cash, reducing profits on transactions. Consequently, Courts' strategy is to build up its overseas business and has run up its borrowings to finance the exercise. The shares rose 11p to close at 78p and yield 6.9 per cent.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Anglo-Amer Secs ......int | 1.5 | Aug 25 | 1.5 | — | 5.1 |
| Astra Industrial ......... | 0.4† | Sept 17 | 0.75 | 0.53† | 1.5§ |
| John Booth .............. | nil | — | 1 | nil | — |
| British Building ......... | 0.5 | — | 1 | 1 | 2 |
| Caledonian Assoc ......... | 7 | — | 7 | 9 | 9 |
| Courts (Furnishers) ... | 1.95 | — | 1.95 | 3.7 | 3.7 |
| Gen Funds Inv ..........int | 2.5 | Sept 15 | 2.5 | — | 8 |
| Imperial Group ......int | 2.75 | Nov 2 | 2.75 | — | 7.25 |
| James Latham ............ | 4.65 | — | 4.65 | 8 | 8 |
| John J. Lees ............... | 1.9 | Aug 21 | 1.9 | 2.6 | 2.6 |
| Ocean Wilsons ............ | 2.2 | Aug 11 | 1.85 | 2.95 | 2.6‖ |
| Sogomana .................. | 32¶ | Aug 26 | 7 | 10 | 35¶ |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Including special 0.5p payment. ¶ Including special 25p payment. ‖ For 11 months to December 31, 1980.

ISSUE NEWS

# Goal Petroleum raising £5.5m and plans full SE listing

*Goal Petroleum,* the exploration and production company, is raising approximately £5.5m by way of a two-for-seven rights issue of 7,428,572 shares at 78p. At the same time, it has announced plans to move from the USM to a full Stock Exchange listing.

The company has an interest in the Buchan Field in the North Sea, where production commenced last year. It has other interests in the North Sea, plus further onshore and offshore sites in the UK.

Mr David Boyd, Goal's managing director, said yesterday that the proceeds of the rights would be used to finance future explora*tion activities. Specifically, the* company is looking toward the up-coming 8th round of licensing agreements.

*Morgan Grenfell, the merchant* bank, owns 30.2 per cent of Goal, while Yule Catto, the diversified UK group, owns 20.1 per cent. Both companies have agreed to take up their full entitlements and have jointly underwritten the balance of the shares.

In supporting documents issued yesterday by Goal was a new assessment of reserves for the Buchan Field, *signed by* Gaffney, Cline, the petroleum consultants.

The assessment shows proven reserves of 55.5m, which is some 5m barrels higher than a previous assessment by BP. The consultants forecast that some 112m barrels could be the total amount recoverable from the field.

The documents, however, do not provide estimated cash flow for the reserves, or estimated dollar-sterling exchange rates. When asked about the company's asset base, Mr Boyd said: "We believe it could be bad to be too accurate. In the present climate, it is difficult to make forecasts."

He pointed out that Goal is one of the few British oil companies with an income stream as well as interests both on and offshore the UK. The company's profit and loss accounts show pre-tax profits of the year ended last December of £905,000 on turnover of £2.8m. No forecast for this year is given.

The company does not expect to pay a dividend this year but hopes to recommend a "modest" payment in 1983 provided the Buchan Field sustains production at the rates currently forecast by BP and the sterling price of oil does not fall "sub*stantially*" below current levels.

Goal's shares are expected to begin trading under its full stock exchange listing next *Monday.*

Stockbrokers to the issue are Laing & Cruickshank.

### ● comment

The notable lack of figures in Goal's rights issue document makes it a pretty quick read. The company is hoping that its new, improved assessment of Buchan's potential will swiftly separate shareholders from their money. But Buchan is a field full of challenges. Its reservoir rock has been compared to a pile of bricks, with no one quite sure how to tickle the oil out of the bricks. Goal's proved reserve estimate is based on what is expected to flow from between the bricks. Even then, BP is refusing to fully comment on this flow until it completes 18 months of testing later this year. Nonetheless, Goal rightly points out to its position as one of the few secondary UK oil companies with a pre-tax profit plus interesting holdings elsewhere in the UK. Primary among these is its holding near the Balmoral field. Goal remains a plunge, but not as cold as some. In the market the shares fell 6p to 87p.

# Restructuring at Bowring Martin

Bowring Martin, the Northern Ireland insurance broker, has been restructured.

On July 1, the two subsidiary *companies,* Bowring Martin (Life and Pensions) and Bowring Martin (Personal Insurances), were merged into the parent company, operating respectively as the life and pensions department and personal division.

The Board feels that this step will help unify the purpose and thrust of the company, enabling it more cost effectively to continue to offer to the insuring public the total range of insurance broking and consultancy serviees.

# USM placing for Bio-Isolates

BY CARLA RAPOPORT

A WELSH technique for producing protein from the waste of cheesemaking is behind the latest entrant to the USM.

Bio-Isolates, a newly-formed Swansea-based company, is coming to the Unlisted Securities Market via an offer for subscription of 3,169,200 shares at 33p. The offer, representing 41.2 per cent of the shares, capitalises the company at £2.54m.

In the last 10 years, the directors of the company have developed and patented a process for the isolation of pure protein from cheese whey, the stream of liquid waste which results from cheesemaking.

This protein, which the company *markets as "Biopro,"* can be used as a food supplement which it suitable for both domestic use and in food manufacturing, such as baking, cereal and other food industries.

The company will use the pro*ceeds of its offer to expand its* present output of Biopro by more than 30 per cent. This will increase testing possibili*ties, allow for improvements to* production and widen the company's potential customer base.

Bio-Isolates plans to undertake joint ventures with some customers and sell its technology to others.

The five directors of the company will own a total of 39.8 per cent of the shares following the company owns a further 7.96 per cent.

London Venture Capital Market, which has arranged and underwritten the offer, has an option to purchase 9 per cent of the shares in the next year.

Stockbrokers to the company are Statham Duff Stoop.

### ● comment

*Bio-Isolates* arrived as a refreshing surprise yesterday in what was otherwise a rather dull day. The company comes to the USM under the classification of a pure technology company which having researched its produce is now preparin gto move into the commercial world. This accounts for the lack of a profits history and forecasts. Provided this little Welsh concern does have its technique to itself, it has tremendous possibilities for growth. Other supplemental *protein sources, like egg and* soyabeans, have to be laid or grown, while Biopro comes from what is essentially garbage. The company *is already in talks* with companies around the world like Nestles, Unilever, for the end-product and the big cheeses like Kraft for the input. Stepping from the lab into the bright lights can be blinding—if Bio-Isolates gets its marketing strategy right, it well could be a sahre to own.

## MERCANTILE CREDIT

Mercantile Credit has acquired Trailerent, a leading company in the commercial rental and contract hire field. It will continue to operate as a separate entity within the Mercantile group.

# Caledonian Assd. setback

PRE-TAX PROFITS fell back markedly for Caledonian Associated Cinemas in the year to March 27, 1982, from £905,000 to £215,000. The figures reflect a particularly sharp downturn in second half profits, from £384,000 to £20,000. Turnover for the year was ahead at £10.78m compared with £9.91m.

At midway the company—whose main activities include the operation of cinemas and bingo halls, financing and investment dealing, letting of properties and retailing—reported a fall in profitability for all divisions except property income.

This was partly attributed to general trading conditions and the prevailing economic climate. However, it was felt that the market conditions and the timing of major refurbishment works could mean that the interim decline was not indicative of profits to be earned for the year as a whole.

A final of *7p is* paid, maintaining the payout at 9p for the year. Losses per 25p share are stated at 6p (profits 81p).

Attributable losses on a CCA basis are put at £161,000 (profits £92,000).

## SPAIN

| July 8 | Price % | + or − |
|---|---|---|
| Banco Bilbao ............ | 316 | −9 |
| Banco Central ............ | 255 | −6 |
| Banco Exterior ......... | 226 | −5 |
| Banco Hispano ......... | 291 | −4 |
| Banco Ind. Cat. ......... | 108 | |
| Banco Santander ...... | 288 | −6 |
| Banco Urquijo ......... | 166 | −3 |
| Banco Vizcaya ......... | 324 | −9 |
| Banco Zaragoza ......... | 233 | −2 |
| Dragados ................ | 86 | +1 |
| Espanola Zinc ........... | 66 | −1 |
| Fecsa .................... | 54.5 | +0.5 |
| Gal. Preciados ......... | 26 | |
| Hidrola .................. | 56.5 | +0.5 |
| Iberduero ................ | 44 | +0.8 |
| Petroleos ................ | 70.5 | −0.5 |
| Petroliber ............... | 91 | |
| Sogefisa ................. | 6 | |
| Telefonica ............... | 63 | −0.7 |
| Union Elect. ............ | 54.5 | +1.0 |

THE TRING HALL USM INDEX
127.9 (+1.2)
Close of business 8/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
Close 548-553 (−3)

# UK COMPANY NEWS

## Mixed new business for L & G

A MIXED pattern of new life and pensions business on world-wide operations in the first half of the year is reported by the Legal and General Group—the second largest life group in the UK.

New annual premiums overall barely moved ahead from £48.9m to £49m, but single premiums improved by one quarter from £24.3m to £30.2m.

The group experienced good growth in its new life business where new annual premiums worldwide rose by more than 20 per cent from £18.4m to £22.3m and single premiums by a similar proportion from £15.1m to £18.1m.

Individual life and pensions business was buoyant in the UK, where annual premiums rose 12 per cent from £16.7m to £18.7m. New traditional life business improved from £12.2m to £12.6m and self-employed pensions from £2m to £2.3m. But the growth came from unit-linked self-employed pensions business, where annual premiums expanded from £1.67m to £3.28m.

Single premium business in the UK showed a 20 per cent rise from £14.8m to £17.8m, although unit-linked life business dropped from £8.23m to £6.15m. Unit-linked self-employed pensions rose from £2.5m to £4.05m.

Group life and pensions business was somewhat dull in the period. The company, the largest pensions concern in the UK, saw new annual premiums drop nearly 20 per cent from £28.1m to £23.2m, although single premiums rose from £8.6m to £9.2m.

Insured pensions business saw a decline in annual premium from £21.9m to £18m but a steady rise in single premiums from £4.03m to £5.03m. The managed fund had a drop in both annual and single premium business.

Mr Ron Peet, chief executive, expressed satisfaction with the UK individual life figures in spite of the difficulties caused by the economic climate and the slow start at the beginning of the year in the mortgage market.

The drop in group pensions business reflected the lower level of pay settlements in the past year and a marked falling off in new entrants to schemes.

Business in Australia produced good results with new annual premiums advancing from £2.4m to £4.3m and single premium business showing strong growth. New annual premium on life business doubled from £700,000 to £1.4m and rose by 80 per cent from £1.6m to £2.9m on pensions business. Single premium pensions business amounted to £2m compared with £80,000.

## 600 Group waits for UK upturn

SIR JACK WELLINGS, chairman of the 600 Group, says in his annual statement that the company is still awaiting some firm evidence that the UK is pulling out of the recession.

He expects the group to maintain a substantial volume of overseas business but, without a sound base of home sales, it cannot reach an acceptable level of profits.

The directors are optimistic for the future and, as soon as there is an improvement in the UK economic climate, "we are confident of a return to profits which more truly reflect the potential of the group."

Pre-tax profits for the year to March 31 fell from £4.76m to £4.46m, with a sharply reduced contribution from the machine tools side, as reported on June 11. The dividend total is held at 5.25p with an unchanged final of 2.91p.

Shareholders' funds totalled £68.02m (£69.28m) at the year-end. Net current assets were down from £54.34m to £47.76m, including cash of £3.22m (£5.17m) and short-term borrowings of £10.94m (£10.27m).

There was a net inflow of funds of £795,000 in the year, compared with an outflow of £6.03m last time.

Meeting: Grosvenor House, W, July 28, 11.30 am.

## Neil & Spencer losses reduced

FIRST HALF losses at Neil & Spencer Holdings were reduced from last time's £916,000 to £606,000 at the pre-tax level and the group is expecting to make further progress in the second six months through benefits from the International Exhibition of Laundry and Dry Cleaning which took place in early June.

The interim deficit, covering the six months to May 31, was after taking account of higher interest charges of £553,000, against £465,000 and exceptional costs of £18,000 (£79,000).

There was a tax credit of £8,000 (nil). Extraordinary debits last time took £11,000.

The loss after tax and extraordinary items came through at £598,000, compared with £905,000, equal to a loss per 10p share of 5.9p (9p). Turnover rose from £11.71m to £13.75m.

The directors say the reduced losses reflect some benefit of the reorganisation which took place during 1981.

As in previous years, the first quarter produced a poor result but the second quarter saw the group's laundry and drycleaning equipment activities operate profitably — the group also manufacturers air controlled systems and specialist electrical equipment.

The rights issue and the sale of two small subsidiaries during the first half raised nearly £1m and the directors say the group is operating well within its bank facilities.

However, they consider payment of an interim dividend would be inappropriate.

Pre-tax losses for the 1980/81 year totalled £1.45m from sales of £25.62m.

## Astra shows sharp fall to £0.32m

THE DIRECTORS' hopes expressed at midway that full-year profits of Astra Industrial Group would not be far short of the previous period's have not been realised. The taxable surplus fell sharply from £714,000 to £322,000 for the year to April 30, although the second half saw a rise from £159,000 to £214,000.

A final dividend of 0.4p gives a total of 0.525p net (1.5p) on increased capital. Last time's payment included a special of 0.5p paid out of profits from the sale of a subsidiary. Stated earnings per 10p share are down from 2.31p to 1.06p.

The contribution from the engineering and metal divisions fell by £107,000 to £216,000, while property and investment suffered a £363,000 setback to £249,000. The newly-formed leisure division incurred a loss of £60,000.

The directors say it was known that the year would incur the costs of continued investment made throughout the recession. The return should begin to show through in the current year.

The engineering results proved very disappointing as it was not possible to incorporate Speedwell until May. This, with reorganisation and integration, not only caused additional costs but disrupted output. The increased turnover provided by Speedwell's order book has returned the division to its former profit levels, the directors say.

On the property side, additional units have been let and there will be an increase in rental income in the current year. The Speedwell property is being redeveloped, providing future growth, and phase two of the Aston Hippodrome site has been started. Lettings at Rochdale are disappointing, as the group has had three vacant units during the year.

The leisure division's loss was incurred before the start of activities, mainly salaries paid during preparation of premises. The directors say that, where activities have started, they are successful and there will be no recurrence of loss in the current year.

Tax credits were down from £283,000 to £74,000. There was an extraordinary debit of £85,000, representing rights issue costs, against a credit of £232,000.

Dividends absorbed £173,000 (£324,000), leaving the retained surplus down from £905,000 to £138,000.

CCA attributable profit came through at £62,000 (£819,000).

### ● comment

Astra's failure to meet its interim forecast of a similar outcome for the year arose from a four-month legal and documentation delay to the takeover of Speedwell Engineering, into which the assets of Speedwell Gear Case Co had been hived. The £150,000 cash deal, which was in effect to acquire an order book in the same line of business as Astra's, has been completed enabling the division to considerably increase profitability. Though the company has kept to its August one-for-one rights forecast "at least to maintain an equivalent total dividend" only the sharp deterioration in the share price from a 1982 high of 13½p has kept the yield ahead of the pre-rights level. Not much consolation for holders who stumped up 10p for the new shares and yesterday saw the price fall 1p to 9p—yielding 8.7 per cent.

## British Building profits down: dividend halved

British Building and Engineering Appliances reports a substantial fall in pre-tax profits for the year to March 31 1982, from £204,914 to £52,273 on sales up slightly from £2.6m to £2.65m.

At midway, with pre-tax profits down from £148,000 to £57,000 the company said that the poor results were largely due to current economic conditions which continued to depress turnover and margins. The company manufactures and supplies non-mechanical building equipment and plant.

A final dividend of 0.5p is paid, making a total of 1p—half last year's figure. Earnings per 25p share are stated at 8.6p (10.1p). There was a tax credit for the year of £51,241 (debit (£82,864).

On a CCA basis, a pre-tax loss of £135,000 (profit £116,000) was recorded.

## F. Horsell sharply ahead

SHARPLY HIGHER profits were returned by the Frank Horsell Group for the year to March 31 1982, the pre-tax figure emerging at £1.47m, compared with £358,000 previously.

Turnover of the group, a manufacturer of lithographic printing products, was also well ahead, rising from £8.83m to £11.48m, with export and home sales showing improvements of 86 per cent and 26 per cent respectively.

Horsell has made a good start to the current year with both sales and volume results ahead of budget and "substantially higher than anything achieved in comparable periods of previous years."

The directors, confident that this sales expansion and volume growth will be maintained, are stepping up the dividend for 1981-82 by 1p to 5.5p per share by final payment of 4p—earnings per 20p share were up from 11.1p to 23.8p.

It is pointed out that investment in sophisticated equipment at Horsell Graphic Industries, to produce high quality printing plates, has paid off and that the group has continued to increase its market share world-wide, despite depressed market conditions.

Over 70 per cent of its output is exported and work has begun on the installation of a further continuous process manufacturing line to boost production of printing plates and to improve profitability and competitiveness.

The company's shares are traded in the market made by M. J. H. Nightingale and Co.

UKO INTERNATIONAL (opthalmic and catering equipment group)—Results for year ended March 31, 1982, reported June 12. Fixed assets £9.51m (£10.04m). Net current assets £18.36m (£19.12m). Shareholders' funds £17.15m (£17.89m). Loans £10.7m (£11.01m). Bank overdrafts £1.78m (£1.33m). Meeting, Winchester House, EC, July 30, noon.

## Danae profits down slightly at year end

Pre-tax profits for Danae Investment Trust slipped slightly from £572,201 to £556,165 in the year to May 31 1982, on gross revenue of £706,000, up from £665,966. Dealing subsidiaries contributed £1,957 (£12,216).

As anticipated midway, a second interim of 2.4p is paid in lieu of a final, making 4p for the year—unchanged from 1981. Minorities totalled £116,534 (£119,501) and tax took £173,424 (£172,411).

Effective from February 16 1982, Danae's capital was reduced by writing down capital shares from 10p to 2p and income shares from 50p to 25p. At year end, earnings per income share are put at 3.8p and net asset value per income share at 35.8p (42.88p).

## Stead & Simpson expects progress in first half

In his annual statement Mr Harry Gee, the chairman of Stead and Simpson, says he hopes the group will show increased profits in the first half of the current year, although he adds that it will be difficult to improve upon last year's exceptionally good second half.

He reveals that after 10 weeks turnover in the footwear division was 20 per cent ahead and that for motor trading was 25 per cent higher. On the footwear side the chairman says . . . turnover/margin figures are difficult to predict, but it is unlikely that the turnover percentage increase will be maintained for the whole year.

The motor business is well set to take advantage of any improvement in the trade. During the 1981-82 year expenditure on the acquisition of new shops and modernisation of existing branches cost the group £1.88m. This had to be funded out of current resources and adversely affected profits for the year. Mr Gee says it is expected that the new branches will contribute a reasonable return in the current year.

As reported on July 2, an improvement in the second half enabled the group to increase its pre-tax profits from £2.13m to £2.2m for the 12 months to March 31 1982. At year end shareholders' funds totalled £59.83m (£27.45m) and fixed assets came to £55.24m (£23.19m). The accounts show that John Blundell, a wholly owned subsidiary of the UDS Group, holds 28.92 per cent of the ordinary shares.

Meeting in Leicester, on August 3, at noon.

## Sogomana pays special 25p distribution

Pre-tax profits of Sogomana Group, natural rubber, oil palms and cocoa producer, rose from £705,392 to £728,417 for 1981, including other income of £278,796, against £287,373.

There is an unchanged final dividend of 7p and a special distribution of 25p, which boosts the total payout from 10p to 35p. Earnings per 10p share are shown as 2.29p on net basis and as 13.84p (13.63p) on a nil-distribution basis.

The ACT of £333,800 payable on the special dividend is considered irrecoverable and has been included in the tax charge of £657,007 (£280,743).

## J. Latham finishes in the red but holds payout

DESPITE A £35,000 advance midway to £161,000 and expectations of some improvement in the full year results James Latham, timber merchant, swung from profit to loss for the 12 months to March 31 1982.

At the pre-tax level the loss emerged at £211,000, compared with a profit of £229,000, on turnover down from £24.5m to £23.16m.

Mr Michael Latham, the chairman, explains that falling commodity prices and seasonal factors cancelled out the benefits of achieved overhead savings. He adds that there was also an unwelcome increase in interest rates last autumn.

Nonetheless, a £1.31m tax credit (£105,000 charge) this time left the group with an after tax surplus of £1.1m (£124,000) and the dividend is being maintained at 8p net by a same-again final of 4.65p—earnings per £1 share jumped sharply from 1.8p to 40.4p.

Trading profits came through ahead at £987,000 (£920,000) but from this depreciation took £247,000 (£249,000) and interest £779,000 (£457,000). There was also a provision of £178,000 for unrealised stock losses and a £105,000 loss on activity now terminated and general redundancy payments. Land disposals added £111,000 (£15,000).

Mr Latham says that after two years and eight months of recession it is difficult to forecast the moment of upturn. Meanwhile, he reveals that the group's activities have been reassessed in order to release and redeploy its assets.

As an example he points to the creation of strategically located timber centres together with a modest programme of industrial investment linked to the group's trade. The chairman says this will enable the group to operate efficiently and profitably when the country emerges from the recession.

## Improvement by Equity Consort

Revenue of Equity Consort Investment Trust improved from £425,165 to £457,090, after tax up from £202,037 to £216,766 for the year to April 30 1982.

Gross earnings per £1 ordinary share rose from 13.35p to 14.06p, while those on the 50p deferred shares pushed ahead from 14.71p to 16.11p.

The dividend on the ordinary shares is raised from 9.275p to 9.5375p, with a final payment of 6.3875p net, and that on the deferred is being lifted from 10.15p to 10.675p.

## SKETCHLEY

OVER 88 per cent of the 3.38m ordinary shares in Sketchley offered by way of rights have been taken up. Those shares not taken up have been sold and, an excess over the issue price of 36.0166p net will be distributed to original allottees.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Sotheby Parke Bernet.

Finals—Braham Millar, David Scott, Stonehill.

FUTURE DATES

Interims—

Allied Textile ... July 23
Barclays Bank ... Aug 5
Gestetner ... July 21
Tribune Investment Trust ... July 15

Finals—

Allied Colloids ... July 20
Allnatt London Properties ... July 13
Christie-Tyler ... July 15
Daejan ... July 14
Haslemere Estates ... July 15
Howard and Wyndham ... July 14
Initial ... July 19
Investment Company ... July 16
Symonds Engineering ... July 15
Tex Abrasives ... July 15

## EUROPEAN OPTIONS EXCHANGE

| Series | | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $300 | 20 | 22 | — | — | 20 | 46 | $313.75 |
| GOLD C | $325 | 17 | 9 | 3 | 22 | 20 | 32 | " |
| GOLD C | $350 | 20 | 2 | 4 | 13.50 | 7 | 22 | " |
| GOLD C | $375 | — | — | 1 | 8 | — | — | " |
| GOLD C | $400 | — | — | 1 | 3 | — | — | " |
| GOLD P | $300 | — | — | 19 | 11 | 1 | 15 | " |
| GOLD P | $325 | 2 | 20 | — | — | — | — | " |
| GOLD P | $375 | 1 | 64 | — | — | — | — | " |
| 12¾ NL 81 87-91 | | | | | | | | |
| C | F.110 | 10 | 1.30 | — | — | 10 | 2.70 | F.110.50 |
| C | F.117.50 | — | — | 200 | 0.20 | — | — | " |
| P | F.110 | 15 | 0.80 | — | — | — | — | " |
| P | F.112.50 | 4 | 2.50 | 10 | 2.90 | — | — | " |
| P | F.115 | — | — | 5 | 5.30 | — | — | " |
| 10¾ NL 80 85-95 | | | | | | | | |
| C | F.102.50 | — | — | — | — | 10 | 1.20 | F100.10 |
| 10 NL 82 86-89 | | | | | | | | |
| P | F.100 | 20 | 3 | — | — | — | — | F.97.40 |
| | | July | | Oct. | | Jan. | | |
| ABN C | F.280 | 1 | 1.20 | 7 | 7 | — | — | F.278 |
| ABN P | F.280 | 9 | 3 | 11 | 10 | — | — | " |
| AKZO C | F.25 | — | — | 50 | 1 | — | — | F.23.60 |
| AKZO P | F22.50 | 5 | 0.10 | — | — | — | — | " |
| AKZO P | F.25 | 20 | 1.50 | — | — | — | — | " |
| AMRO C | F.50 | — | — | 5 | 1.20 | 3 | 1.50 | F.46.60 |
| AMRO P | F.45 | — | — | 11 | 1.80 | 3 | 2.50 | " |
| AMRO P | F.50 | — | — | 3 | 4 | — | — | " |
| HEIN C | F.55 | 11 | 2.50 | — | — | — | — | F.57 |
| HEIN P | F.55 | 20 | 0.10 | 50 | 1.20 | — | — | " |
| HEIN P | F.60 | 10 | 3 | — | — | — | — | " |
| HOOG C | F.15 | 10 | 0.60 | — | — | — | — | F.15.30 |
| HOOG C | F.17.50 | — | — | 15 | 0.80 | 60 | 1.20 | " |
| IBM C | $65 | — | — | 2 | 1¼ | 3 | 2¾ | $61½ |
| KLM C | F.90 | 1 | 1 | 2 | 5 | — | — | F.87.70 |
| KLM C | F.100 | — | — | 16 | 3.20 | — | — | " |
| KLM C | F.110 | — | — | 8 | 1.50 B | — | — | " |
| KLM C | F.120 | — | — | 2 | 1 | — | — | " |
| KLM P | F.80 | — | — | 5 | 2.50 | 4 | 4.20B | F.88. |
| KLM P | F.90 | 65 | 3 | — | — | — | — | " |
| KLM P | F.100 | 8 | 12 | — | — | — | — | " |
| NEDL C | F.110 | 10 | 2.50 A | 3 | 6.40 | — | — | F.111.50 |
| NEDL C | F.120 | — | — | 21 | 2.50 | 2 | 4.10 | " |
| NEDL P | F.110 | 5 | 0.80 | 3 | 3.40 | 2 | 4.50 | " |
| NEDL P | F.120 | 22 | 9.30 | — | — | — | — | " |
| NATN C | F.115 | — | — | 10 | 3 | 12 | 4 | F.116.10 |
| NATN P | F.115 | 23 | 0.50 | — | — | 3 | 3.50 | " |
| PHIL C | F22.50 | 55 | 0.30 | 56 | 1.60 | 10 | 2 | F.22.60 |
| PHIL C | F.25 | — | — | 46 | 0.50 | 5 | 1 | " |
| PHIL P | F.22.50 | 6 | 0.10 | — | — | 16 | 1.20 | " |
| PHIL P | F.25 | 8 | 2.30 | — | — | — | — | " |
| RD C | F.80 | — | — | — | — | 2 | 10 A | F.86 |
| RD C | F.90 | 116 | 0.20 | 311 | 2.30 | 64 | 3.70 | " |
| RD C | F.100 | — | — | 231 | 0.40 | 16 | 1.70 | " |
| RD P | F.80 | — | — | 13 | 1.70 | 12 | 2.30 | " |
| RD P | F.90 | 48 | 4 B | 8 | 7.20 B | 8 | 8 | " |
| UNIL C | F.150 | — | — | — | — | 2 | 4.70 | F.144.50 |
| UNIL P | F.140 | — | — | — | — | 4 | 4.20 | " |
| | | Aug. | | Nov. | | Feb. | | |
| BOEI C | $20 | 8 | ½ | — | — | — | — | $15[illegible] |

TOTAL VOLUME IN CONTRACTS 2468

A=Asked B=Bid C=Call P=Put

*This advertisement is issued in compliance with the regulations of the Council of The Stock Exchange. It is not an invitation to the public to subscribe for or purchase any of the Loan Stock.*

### THE CRONITE GROUP PLC

(Incorporated in England under the Companies Act 1929—No. 259012)

**Rights issue of £1,049,722 14 per cent. Convertible Unsecured Loan Stock 1992 at par.**

Application has been made to the Council of The Stock Exchange for the £1,049,722 14 per cent. Convertible Unsecured Loan Stock 1992 of The Cronite Group PLC to be admitted to the Official List. Particulars relating to The Cronite Group PLC are contained in the cards circulated by Extel Statistical Services Limited and are available during usual business hours on weekdays (Saturdays excepted) up to and including 29th July, 1982 from:-

**Montagu, Loebl, Stanley & Co.,**
**31 Sun Street,**
**London EC2M 2QP**
**and Stock Exchange**

### M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

| 1981-82 High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 120 | 120 | Ass. Brit. Ind. Ord. | 120 | — | 6.4 | 5.3 | 10.9 | 13.4 |
| 131 | 100 | Ass. Brit. Ind. CULS | 131 | — | 10.0 | 7.6 | — | — |
| 75 | 62 | Airsprung Group | 71 | — | 6.1 | 8.6 | 8.1 | 13.9 |
| 51 | 33 | Armitage & Rhodes | 43 | — | 4.3 | 10.0 | 3.6 | 8.1 |
| 228 | 187 | Bardon Hill | 228 | — | 11.4 | 5.0 | 9.6 | 12.1 |
| 110 | 100 | CCL 11pc Conv. Pref. | 110 | — | 15.7 | 14.3 | — | — |
| 265 | 240 | Cindico Group | 265 | — | 26.4 | 10.0 | 10.7 | 12.0 |
| 104 | 60 | Deborah Services | 62 | + 2 | 6.0 | 9.7 | 3.1 | 8.0 |
| 133 | 97 | Frank Horsell | 133 | + 1 | 6.4 | 4.8 | 12.0 | 24.6 |
| 83 | 39 | Frederick Parker | 74 | — | 6.4 | 8.6 | 3.8 | 7.2 |
| 78 | 46 | George Blair | 53 | — | — | — | — | — |
| 102 | 93 | Ind. Precision Castings | 98 | — | 7.3 | 7.4 | 7.1 | 10.7 |
| 110 | 100 | Isis Conv. Pref. | 110 | + 1 | 15.7 | 14.3 | — | — |
| 113 | 94 | Jackson Group | 105 | — | 7.5 | 7.1 | 3.2 | 6.7 |
| 130 | 108 | James Burrough | 123 | — | 9.6 | 7.8 | 9.0 | 10.0 |
| 334 | 230 | Robert Jenkins | 230 | — | 31.3 | 13.6 | 3.2 | 8.1 |
| 79 | 51 | Scruttons "A" | 79 | + 1 | 5.7 | 7.2 | 10.3 | 12.3 |
| 222 | 154 | Torday & Carlisle | 155 | — | 11.4 | 7.4 | 7.0 | 11.9 |
| 18½ | 10 | Twinlock Ord. | 18½ | — | — | — | 12.1 | 17.6 |
| 80 | 68 | Twinlock 15pc ULS | 79 | — | 15.0 | 19.0 | — | — |
| 44 | 25 | Unilock Holdings | 25 | — | 3.0 | 12.0 | 4.5 | 7.6 |
| 103 | 73 | Walter Alexander | 84 | — | 6.4 | 7.6 | 5.5 | 9.8 |
| 263 | 212 | W. S. Yeates | 235 | + 1 | 14.5 | 6.2 | 6.2 | 12.3 |

Prices now available on Prestel page 48146.

# Imperial Group

## Interim Report 1982

**Mr. Geoffrey C. Kent, Chairman, comments as follows—**

"The improvement over the first half of 1981 was encouraging, even allowing for the unsatisfactory results last year, for it arose despite a further volume decline in the U.K. tobacco and beer sectors and the continuing recession in the U.S.A. which is still badly affecting the restaurant and lodging industries. Our performance was the result of decisive management action and the hard work of employees in many parts of the Group, and is further evidence that the near-term recovery programme is on target.

"The redeployment of some of our existing assets is vital to this programme. In recent months we have acted to divest ourselves of interests which have impeded not only our financial performance but also our strategic development, notably poultry and eggs in the U.K. and poultry in the U.S.A. The former has been completed and negotiations for the latter are proceeding.

"The large figure for extraordinary items is a reflection of the cost of restructuring the Group, but we do not foresee the need to make substantial further provisions in the second half-year.

"The effect of recent Budgets, together with the distortion of demand referred to in Note 3 below, is expected to lead to a much reduced level of sales of tobacco products in the second half of the year compared with the first six months. On the other hand, most of the trading activity of the Howard Johnson Division falls within the summer months. At this stage, and subject to no unforeseen circumstances, we estimate that Group profit before taxation in the second half will be similar to the good figure achieved in the comparable period last year. The results for the year as a whole should therefore be appreciably better than in 1981.

"The Directors have decided to declare an interim dividend at the same rate as that of last year, namely 2.75p per share. This will absorb £19.8m (1981, £19.7m). Warrants will be dated 1st November 1982 and will be posted to those shareholders who are registered in the books of the Company at the close of business on 4th October, 1982."

| £ million | Group Results (unaudited) Half-Year to 30th April 1982 | 1981 | % Change on 1981 |
|---|---|---|---|
| **External Sales** | | | |
| Tobacco | 1,232.1 | 1,060.2 | |
| Paper, Board and Plastics | 30.1 | 32.0 | |
| Food | 629.0 | 564.5 | |
| Brewing and Leisure | 394.9 | 344.3 | |
| Howard Johnson | 177.0 | 132.7 | |
| Inter-Group Sales | (26.0) | (15.5) | |
| | 2,437.1 | 2,118.2 | + 15% |
| **Trading Surplus** | | | |
| Tobacco (see Notes 2 and 3) | 43.6 | 25.4 | |
| Paper, Board and Plastics | 0.1 | (0.2) | |
| Food | 16.4 | 1.5 | |
| Brewing and Leisure | 23.1 | 24.4 | |
| Howard Johnson | (0.5) | 2.4 | |
| | 87.7 | 53.5 | + 64% |
| Share of Associates' Profits | 0.7 | 1.6 | |
| Interest net of investment income | (22.6) | (25.4) | |
| Profit before taxation | 65.8 | 29.7 | +122% |
| Taxation | (13.3) | (4.0) | |
| Profit after taxation | 52.5 | 25.7 | +104% |
| Minority interests | (0.1) | (0.1) | |
| | 52.4 | 25.6 | |
| Extraordinary items | (66.6) | 1.8 | |
| (Deficit)/Profit attributable to shareholders | (14.2) | 27.4 | |
| Earnings per share | | | |
| — before taxation | 9.1p | 4.1p | +122% |
| — after taxation | 7.3p | 3.6p | +103% |

Notes:

1. Comparative figures have been restated to reflect the following:—
   (a) the change in policy on goodwill adopted in the 1981 Report and Accounts;
   (b) the transfer of businesses between Divisions;
   (c) the effective tax rate applicable to the whole of 1981.
2. The Tobacco Division adopted the straight line basis for depreciating plant and machinery from 1st November 1981, the basis used throughout the rest of the Group. This basis reduced depreciation charges in the half-year by £2.3m.
3. The Tobacco surplus of £43.6m is stated after deducting £10m, being the profits on sales inflated by exceptional trade activity before and after the Chancellor's Budget. These sales would normally have been made in the second half of 1982 and by transferring the related profit of £10m a fairer view will be obtained of the profit pattern over the two halves of 1982. Such abnormal circumstances were not present at 30th April 1981 and in consequence no adjustment to the figures for that half-year has been made.
4. The current cost profit before taxation was £38m (1981: £17m) after allowing for a gearing adjustment of £10m (1981: £6m).

### Sale of U.K. poultry, egg and meat trading interests

On 18th May 1982 Imperial Group completed the sale of the whole of its U.K. broiler, egg, animal feed and meat trading businesses to Hillsdown Holdings Limited ("Hillsdown") for £48.5m. The external borrowings of these businesses, amounting to £5.3m at 31st October 1981 were also taken over by Hillsdown.

During the year ended 31st October 1981 these interests which included Allied Farm Foods Ltd, Buxted Poultry Ltd, J. B. Eastwood Ltd. and Eastwood Thompson Ltd, had a turnover of £382m and net losses before taxation and inter-Group interest of £8m. Net assets at the date of sale were £101m.

These businesses, which had been recently rationalised, have greater potential in a group with a bigger commitment to commodity foods than Imperial plans to have in future. Imperial is now in a better position to concentrate on developing the considerable brand strengths of its other food businesses.

The consideration is payable in cash. £11m has been received and a further £5m is due on 18th August 1982. The balance is payable by equal half-yearly instalments over five years ending in April 1987. Interest on the deferred payments will be at a variable rate dependent on the profitability of Buxted Poultry Ltd and its related milling activities.

Imperial Group plc, Imperial House, 1 Grosvenor Place, London, SW1X 7HB

MINING NEWS

# First-half diamond sales may herald recovery

BY GEORGE MILLING-STANLEY

*THE SHARES* of *De Beers* Consolidated Mines of South Africa leapt ahead in London yesterday, with the release of the first-half figures for world diamond sales from De Beers' Central Selling Organisation.

Aggressive demand both in London and Johannesburg boosted the shares by 20p, and they closed at the day's best level of 204p.

The CSO's sales figure for the first six months of 1982 was somewhat above midway between the best and worst estimates at R636m (£320m). The performance was good without being spectacular, representing the first increase between two six-month periods since the first half of 1980.

There are grounds for suspecting that the share market was looking perhaps a little too hard for some good news from De Beers, after the recent announce*ments of falling profits and the* halved final dividend for 1981.

The latest figure is 27 per cent above that for the second half of last year, but still 15 per cent down on the first half of 1981, and well down on the peak of R1.27bn recorded for the first period of 1980.

In dollar terms, the curency of actual sales, the figure for the first six months of this year was $624m, which is 17 per cent up on the second half of last *year but still 34 per cent below* the first six months.

De Beers said the disparity between the rand and dollar figures is a consequence of the fact that figures are translated from dollars into rands at the exchange rate prevailing at the time of each sale. The rand has continued to depreciate against the dollar throughout the period.

It is still too soon to say whether the latest result indicates the start of a longer-term upturn in demand, partly because of the uncertainty surrounding the future course of interest rates in the U.S., the most important market for diamonds in the world.

| | Six months to June Rm | Dec Rm | Year's Total Rm |
|---|---|---|---|
| 1982 | 635.5 | — | — |
| 1981 | 747.5 | 501.9 | 1,249.4 |
| 1980 | 1,267.2 | 874.4 | 2,141.6 |
| 1979 | 1,085.4 | 1,106.2 | 2,191.6 |
| 1978 | 1,063.5 | 1,155.4 | 2,218.9 |
| 1977 | 943.4 | 859.3 | 1,802.7 |
| 1976 | 681.9 | 670.0 | 1,351.9 |
| 1975 | 355.1 | 438.4 | 793.5 |
| 1974 | 525.5 | 313.6 | 849.1 |
| 1973 | 478.7 | 441.9 | 920.6 |
| 1972 | 323.4 | 332.1 | 655.5 |
| 1971 | 220.1 | 226.3 | 446.4 |
| 1970 | 200.7 | 177.7 | 378.4 |
| 1969 | 260.1 | 234.5 | 494.6 |

Mr Harry Oppenheimer, De Beers' chairman, predicted that the sales figure for the first half of this year would show an increase, and first-half rises have often been followed by declines in the remainder of the year, *as the accompanying table shows.*

This is explained by the fact that what are traditionally the two weakest "sights" (diamond sales) fall into the second half of the year. These are in July, at the start of the holiday season, and in December, when dealers normally like to wait and see what sort of performance retail sales of jewellery have put up over the Christmas period.

A better judgment will have *to await the August sight*, and it will also be interesting to see how the CSO figure translates into first half profits of De Beers, due next month.

The latest figure does at least imply that some of the measures De Beers has taken to stabilise the world market for diamonds are beginning to bear fruit.

These have included building up the CSO stockpile to the unprecedented level of R14bn at the end of 1981, and this is still growing. However, De Beers said that the rate of growth has now slowed, and the stock figure is unlikely to reach R2bn by the end of this year, as some commentators had predicted.

The other main step De Beers has taken has been to change the make-up of its output of stones towards the smaller, cheaper gems, which have proved more saleable in the recent difficult times.

# RGC still facing tough times

THE INDUSTRIAL strife which plagued **Renison Goldfields Consolidated** (RGC) during the July-December period of 1981 did not recur in the second half of the financial year ended June 30, according to Mr Max Roberts, the chairman.

The disputes, which included a six and a half week strike at RGC's big Renison tin mine in Tasmania, pushed the group into a first-half loss of A$1.19m (£700,000).

The comparative peace of the past six months, coupled with the strength of the tin price for much of the period, should have helped to strengthen the mine's performance.

This suggests that RGC, which groups the Australian operations of the **Consolidated Gold Fields** group, could well have borne out Mr Roberts' prediction at the halfway stage of a profitable full year.

Mr Roberts was of course at this stage unable to be more forthcoming about the full-year results, and emphasised that RGC still has some tough times ahead of it. Conditions could even get worse over the next 12 months.

H added that he is still bearish on metal prices, which implies that there will be no respite in the near future for the Tasmanian copper producer Mount Lyell or the Australian beach sand minerals operations.

Mr Roberts said there can be only a handful of mines in Australia which are making "real money" at murent metal prices.

Nevertheless, RGC is still looking to the longer term, and thus is maintaining a high level of exploration spending. This is concentrated in three main areas of the south-west Pacific, namely Austraalia itself, the Philippines and Papua New Guinea.

Turning to the latest agreement between the world's tin producers, Mr Roberts said that the production quota for Renison involved a fall of 35 per cent in output over the first quarter of the current financial year.

He said he would have preferred, as less disruptive of operations, a quota which brought about a smaller fall in production, say 20 per cent, applied for a longer period.

RGC shares closed at 126p in London yesterday, just a penny above the lowpoint for the year.

STERLING INDUSTRIES (light engineer)—Results for the year to *March 31, 1982, reported June 24.* Shareholders' funds £5.09m (£4.9m). Fixed assets £1.71m (£1.75m). Net current assets £2.66m (£2.55m). Increase in net liquid funds £357,354 (£111,309 decrease). The group's ultimate holding company is The Cayzer Trust, which at March 31, 1982, was shown as holding 68.6 per cent of the ordinary shares. Meeting: Cayzer House, EC, July 26, 12.30 pm.

# Ariel International jumps to £5.7m

PRE-TAX PROFITS of **Ariel International**, the continental European property investment company in which Wimpey holds a 50 per cent stake, jumped from £500,000 to £5.7m in the year to December 31 1981.

The improvement reflects the benefit of two major property disposals in the year, both in West Germany. In Essen the company sold its shopping centre to a German pension fund while a 69,000 sq ft office block in Frankfurt was also sold.

The company has a sizeable development programme in hand in spite of the disposals. Development in progress, excluding land purchased for future development, totalled £46m at the end of 1981.

The directors estimate that the developments when completed will have a value of not less than £100m.

The company is looking for further development opportunities, particularly in Frankfurt where it has a strong base. It is also seeking opportunities to carry out joint developments with various institutions.

However, the company, which traditionally regards itself as a long-term investor, has not ruled out the possibility of further disposals. The cash raised would allow the company greater financial flexibility to carry out new schemes.

# Winding up orders against 45 companies

COMPULSORY WINDING up orders against 45 companies were made by Mr Justice Nourse in the High Court. They were:

*Conveyancing* and Legal Title, Michael Groom, Mongoose, Kegvale, Insurance Appointments Office and Gemscoop.

Autobann-Freight, Drumstone, G. & D. Jewellers, Environmental Emission Control and Lifespan.

Acorn Training, The Eccles Repair Service Depot, Texlar, South-Central Coaches (Dorchester) and Norman Clothier Holdings.

Fitzroy Caterers, Junabell, Juracrest, T. & A. Overseas, Gerald Zisman Associates and List's Bakeries (Hillingdon).

Cheshire Industrial and Civil Engineering Services, Walkers Restaurant, Shelfgold, Innovators Production Equipment, Woolcrest and Pricecrest.

Milecastle, Quandamead, Frank Warners (Insurance and Mortgage Consultants), Argonville Insurance Services and J. Moore & Son.

Bavarian Bier Kellers, P. T. Barrett (Builders), East Coast Leisure Developments, C. J. Hull (Electrical Contractors), Birchabbey, Dukes Careers and Pelmead Properties.

Skatewave, Tahiti Showers, Olro Coatings, Gemini Manufacturing Company and Georgina Manufacturing.

# Ests. & Agency forecast

In his annual statement Mr John Rosefield, the chairman of **Estates & Agency Holdings**, anticipates that net rents receivable during 1982 will reach a level in excess of £900.000 and that profits, before tax and extraordinary items, will be not less than £300,000.

He points out that the group has a sound financial base and the value of its investment portfolio is signficantly higher than amounts stated in the accounts for 1981. Mr Rosefield adds that even in the current climate, the group's properties remain virtually fully let and the good quality of its portfolio should ensure a continued satisfactory performance.

As reported on June 25, the group returned taxable profits of £121,318 for the 1981 year, compared with a loss previously of £55,108. The accounts show shareholders' funds at £8.43m (£5.97m) and fixed assets well ahead at £13.14m (£7.76m). Net current liabilities totalled £858,426 (£337,817). Meeting will be held at the Hotel Bristol, London W1, on July 30 at 11 am.

## $15m loan for Scottish mortgage

The **Scottish Mortgage and Trust Company** has borrowed a *further U.S.$15m for investment* in long dated dollar bonds. Half of the money borrowed was for the six months to December 28; the balance was for 12 months to June 28 1983.

The company now has borrowings of $35m invested in long dated bonds. In spite of the problems of the large U.S. fiscal deficit, the directors believe that the current very high real interest rates are unsustainable in the long term.

### LONDON AND L'POOL

**London and Liverpool Trust** announces that £300,000 12½ per cent convertible loan notes 1985 have been issued at par under the agreement for the purchase of **Talbographic** which became unconditional on October 9 1980.

Under the agreement a deferred consideration (up to a maximum of £300,000 of loan notes) became payable to the vendors dependent upon Talbographic profits for the two year period ending on January 31 1982.

Two of the Talbographic vendors, Mr M. J. Harborow and Mr M. Robinson, are also directors of LLT. As a result of this issue, Mr Harborow has acquired £210,000 12½ per cent loan notes 1985 bringing his holding to £370,000. Mr Robinson has acquired £30,000 loan notes which is his total holding of loan notes.

BIDS AND DEALS

# Lookers extends bid for Braid

Lookers, the Manchester vehicle distributor, yesterday extended its £3.58m bid for **Braid Group** until July 28.

This came only 24 hours after Lookers had taken the unusual step of advising shareholders who had accepted its offer to sell their shares in the open market.

The reason *for the extension* is that Lookers acquired a further 120,000 shares over the past two days, taking its holding to 1.8m shares or 30 per cent of Braid's Equity. A bidder who acquires 30 per cent of a company must keep its offer open for a further 14 days under the rules of the City's merger code.

While technical considerations have prompted the extension of the offer Lookers is continuing *to advise shareholders* who have accepted the terms to withdraw their acceptances and sell, its advisers, Lloyds Bank International, said.

This would allow them to receive 58p per share—the level of the revised offer. If the bid fails to gain 50 per cent acceptances it will lapse and the share price would then fall, Lloyds said.

Holders of 466,092 shares, representing 7.8 per cent of Braid's equity, have accepted the offer. Together, with shares it owns, Lookers has the support of 37.8 per cent of the equity.

# Global amplifies bid objectives

BY RAY MAUGHAN

THE BOARD of **Global Natural Resources** has set out the strategic objectives which it believes will be achieved with the proposed $44m acquisition of the privately owned Texas-based exploration group, McFarlane Oil.

This amplification follows a sharp attack on the prospective acquisition from the New York brokerage house, Bear Stearns, which has been co-ordinating the *Warner-Bertoglio faction's* attempt to wrest control of the Global board.

This battle will come to a head at Global's annual meeting in St Helier, Jersey, on September 13. The dissident faction has forcibly expressed its objection to a deal which puts 13½ per cent of Global's equity in hands presumably friendly to the incumbent board.

Mr Tony Geller and Mr Stephen Springer, the two Bear Stearns executives on the stump in Europe recently also made the point that Global has the resources to make this deal in cash.

Global, in a statement released yesterday by Mr Frank Beatty, the chairman, made it clear that "from the outset of negotiations, the shareholders of MacFarlane indicated they would require that the majority of the purchase consideration be in the form of Global stock to provide them with favourable tax treatment and to permit continuing participation in the combined com*pany's future expansion.*"

Replying to the Warner-Bertoglio faction's assertion that Global stands to dilute asset values by paying over book worth for McFarlane, the defending board stresses that the intended target's proven reserves consisted of 2.8m barrels of oil and 11.7bn cu ft of natural gas as reported by Patel/Walter/Church Associates, described as independent petroleum engineers.

Thus for purposes *of* filings with the U.S. Securities and Exchange Commission, Global would have reported the present value of the proven reserves to *be approximately* $49m as at February 28 this year.

Other assets take in prospective oil and gas acreage of between $7m-$8m valued by Global's in-house technical staff and an unnamed outside consultant.

Its seismic data subsidiary was valued at $4.4m at the end of February, the contract drilling subsidiary was worth a further $3.1m at that date, and its lignite reserves in Brazos County, Texas add up to 220m tons. This is sufficient to serve the power-short Houston area for 30 years from a 400 Megawatt power plant.

A circular giving full details of the McFarlane acquisition, in accordance with the requirements of the London Stock Exchange, will be published "in due course." The statement does not say whether Global will accede to one of Bear Stearns' principal requests and give shareholders an *opportunity* to vote on the McFarlane deal before the critical meeting in September.

# Receiver in at Deanson

HARSH TRADING conditions in the printing industry claimed another victim with the announcement yesterday of receivership for **Deanson (Holdings)**, the Walsall-based business which asked for its own shares to be suspended on July 5.

The shares were suspended at 20p each, giving Deanson a market capitalisation of just £458,000.

The receivers are Mr Roy Adkins and Mr Geoffrey Harrison, both from the Birmingham office of accountants Thornton, Baker. Their appointment was instigated by the company's directors themselves after a series of talks with Midland Bank.

"Deanson's failure seems to be attributable to a general decline in the company's turnover in recent months," said Mr Harrison. The company incurred a loss of £347,860 in the year to last September.

In February, Mr John Wilcox referred to a "long and arduous" reorganisation of the company, which the management hoped might have led to a restoration of profitability later this year.

The business employs about 260 people and is based at five plants in the area of Walsall and Aldridge. The receivers said that every effort would be made to ensure the continuation of the business and a further announcement would be made shortly.

### SHARE STAGES

**Bridgewater Eastates**—Largs has acquired a further 82,500 shares and now holds 566,200 (20.9 per cent) ordinary shares.

**William Leach**—Mr J. Livingston, director, has bought 10,000 shares.

**Moss Engineering**—Biwater Group have sold 64,522 ordinary shares. The first disposal was made on June 29, and amounted to 14,522 shares, which was followed by further sales of 30,000 and 20,000 shares on July 1 and 2 respectively.

**Harris Queensway Group**—Mr K. J. Elton, a director, has sold 175,000 ordinary shares.

**Osprey Petroleum**—Cluff Oil is interested in 70,000 ordinary shares (5.38 per cent).

**East of Scotland Onshore**—The Standard Life Assurance Company purchased 175,000 ordinary shares bringing holding to 725,000 shares (7.25 per cent).

## NSS pays £2.5m for newsagent

NSS Newsagents has bought **G. Knight**, a private newsagent with nine retail outlets in the south-west, for about £2.5m, payable in stage payments over the next seven months.

Turnover for the outlets for the last financial year approached £4m and net tangible assets at the end of that year were £672,000.

NSS looks for considerable benefits from these large outlets, all of which are in a trading area well covered by the company.

## David Scott asks for a receiver

David Scott, the Northamptonshire shoe group, yesterday asked its bankers, Midland Bank and Hambros Bank, to appoint a receiver.

The company's shares were suspended at 13.5p ahead of the announcement, giving it a market value of £620,325.

Earlier this year First Hamblin, a privately-owned chain of garages, bought 20.77 per cent of Scott's *equity. In* April, Scott decided to close its shoe manufacturing operations with the loss of 320 jobs.

It made a pre-tax loss of £367,000 for the six months ended July 31 1981, and omitted its interim dividend.

### SECURITY CENTRES ACQUISITION

**Security Centres Holdings** has bought 40 per cent of Gibraltar Central Security Corporation, of Miami, for £300,000 cash. It also has the option progessively to increase its holding to 67 per cent of the capital.

## LONDON TRADED OPTIONS

July 8 Total Contracts 2304 Calls 1974 Puts 330

| Option | Ex'rcise price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 260 | 16 | — | 26 | 4 | 32 | — | 268p |
| BP (c) | 280 | 6 | — | 17 | 11 | 22 | — | " |
| BP (c) | 300 | 2½ | 1 | 9 | 1 | 14 | — | " |
| BP (p) | 260 | 7 | 2 | 12 | — | 15 | 10 | " |
| BP (p) | 280 | 15 | 5 | 2 | — | 26 | — | " |
| BP (p) | 300 | 34 | — | 40 | 1 | 44 | — | " |
| BP (p) | 330 | 64 | — | 66 | — | 68 | 10 | " |
| CU (c) | 130 | 7 | — | 14 | 10 | 19 | — | 134p |
| CU (c) | 140 | 3 | 2 | 8 | — | 13 | — | " |
| Cons. Gld (c) | 330 | 30 | 2 | 37 | — | 42 | — | 354p |
| Cons. Gld (c) | 360 | 8 | — | 17 | — | 27 | 2 | " |
| Cons. Gld (p) | 360 | 19 | 3 | 26 | — | 35 | — | " |
| Cons. Gld (p) | 390 | 42 | — | 45 | — | 52 | 1 | " |
| Ctlds. (c) | 80 | 3 | 2 | — | 19 | 12 | — | 78p |
| GEC (c) | 700 | 333 | 2 | 9 | — | — | — | £10¼ |
| GEC (c) | 800 | 233 | 2 | 250 | — | 270 | 66 | " |
| GEC (c) | 850 | 183 | 6 | 200 | — | 220 | — | " |
| GEC (c) | 900 | 133 | 2 | 150 | — | 170 | — | " |
| GEC (c) | 950 | 83 | 1 | 107 | 21 | 135 | — | " |
| GEC (c) | 1000 | 44 | 3 | 75 | 40 | 100 | — | " |
| GEC (p) | 900 | 1 | 1 | 10 | — | 20 | — | " |
| GEC (p) | 950 | 4 | 8 | 16 | — | 27 | — | " |
| GEC (p) | 1000 | 18 | 8 | 30 | 22 | 48 | 2 | " |
| Gr'd Met. (c) | 174 | 61 | — | 66 | 2 | — | — | 233p |
| Gr'd Met. (c) | 200 | 35 | — | 40 | 2 | 44 | — | " |
| Gr'd Met. (c) | 214 | 22 | 3 | 28 | 4 | 31 | — | " |
| Gr'd Met. (c) | 220 | 17 | — | 22 | 2 | 26 | — | " |
| Gr'd Met. (c) | 240 | 3 | — | 9 | 30 | 14 | 4 | " |
| Gr'd Met. (p) | 194 | ½ | — | 3 | 4 | 4 | 2 | " |
| Gr'd Met. (p) | 214 | 2 | 8 | 7 | 1 | 10 | — | " |
| Gr'd Met. (p) | 240 | 12 | — | 18 | 2 | 22 | — | " |
| ICI (c) | 300 | 12 | 13 | 24 | 4 | 34 | 1 | 304p |
| ICI (c) | 330 | 2½ | — | 11 | 13 | 18 | — | " |
| ICI (p) | 300 | 6 | 17 | 14 | — | 19 | — | " |
| ICI (p) | 330 | 28 | 14 | 32 | — | 40 | — | " |
| Land Sec. (c) | 260 | 11 | — | 20 | 1 | 29 | — | 268p |
| Land Sec. (c) | 280 | 3 | — | 10 | 2 | 20 | — | " |
| Mks & Sp. (c) | 140 | 12 | — | 19 | 5 | 25 | — | 151p |
| Mks & Sp. (c) | 160 | 1½ | 10 | 7 | 4 | 11 | — | " |
| Mks & Sp. (c) | 180 | 1 | — | 3 | — | 6 | 3 | " |
| Shell (c) | 390 | 9 | 1 | 19 | — | 28 | 1 | 388p |
| Shell (p) | 390 | 12 | 4 | 19 | — | 24 | — | " |
| Shell (p) | 420 | 36 | 3 | 42 | — | 48 | — | " |
| | | **August** | | **November** | | **February** | | |
| Imperial (c) | 90 | 12 | 385 | 14½ | 18 | 18 | 3 | 100p |
| Imperial (c) | 100 | 4½ | 330 | 8½ | 346 | 12½ | 12 | " |
| Imperial (c) | 110 | 1½ | 63 | 5 | 179 | 8 | 21 | " |
| Imperial (p) | 100 | 3½ | 48 | 5 | 10 | 6½ | — | " |
| Imperial (p) | 110 | 10½ | 25 | 12 | — | 13½ | — | " |
| Lasmo (c) | 280 | 35 | 3 | 45 | — | 57 | — | 299p |
| Lasmo (c) | 330 | 5 | 1 | 19 | — | 30 | — | " |
| Lonrho (c) | 60 | 23 | — | 24 | 11 | 26 | 1 | 83p |
| Lonrho (c) | 70 | 14 | 2 | 15 | 9 | 17 | — | " |
| Lonrho (c) | 80 | 7 | 34 | 9 | 89 | 10½ | — | " |
| Lonrho (c) | 90 | 3 | 16 | 4½ | 69 | 6½ | — | " |
| Lonrho (p) | 80 | 3½ | 4 | 6 | — | 8 | — | " |
| Lonrho (p) | 90 | 10 | 75 | 11 | — | 13 | — | " |
| P & O (c) | 140 | 11 | 18 | 20 | — | 24 | — | 149p |
| P & O (c) | 160 | 2 | — | 7 | — | 12 | 2 | " |
| Racal (c) | 420 | 40 | 15 | 62 | 5 | 78 | — | 455p |
| Racal (c) | 460 | 13 | 10 | 30 | 12 | 45 | — | " |
| Racal (p) | 420 | 3 | — | 14 | 5 | 23 | 2 | " |
| Racal (p) | 460 | 18 | 5 | 26 | — | 32 | — | " |
| RTZ (p) | 360 | 16 | 5 | 21 | 20 | 30 | — | 364p |
| Vaal Rfs. (c) | 40 | 1¾ | 20 | 3½ | — | 4½ | — | $39 |
| Vaal Rfs. (p) | 35 | 1½ | — | 3 | 3 | 3¼ | — | " |

C=Call P=Put

## BANK RETURN

| | Wednesday July 7 1982 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 42,257,898 | — 1,060,764 |
| Bankers Deposits | 425,533,209 | — 326,461,817 |
| Reserve and other Accounts | 1,922,851,570 | + 117,296,378 |
| | 2,405,205,677 | — 210,226,203 |
| Assets | | |
| Government Securities | 526,090,305 | — 126,264,999 |
| Advances & other Accounts | 1,228,550,249 | — 109,368,412 |
| Premises Equipment & other Secs. | 635,134,453 | + 14,188,532 |
| Notes | 15,065,886 | + 11,238,194 |
| Coin | 364,784 | — 19,518 |
| | 2,405,205,677 | — 210,226,203 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes issued | 10,850,000,000 | + 75,000,000 |
| In Circulation | 10,834,934,114 | + 63,761,806 |
| In Banking Department | 15,065,886 | + 11,238,194 |
| Assets | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 4,258,361,713 | + 330,924,363 |
| Other Securities | 6,580,623,187 | — 255,924,363 |
| | 10,850,000,000 | + 75,000,000 |

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 12½% | Grindlays Bank | ‡12½% |
| Allied Irish Bank | 12½% | ■ Guinness Mahon | 12½% |
| Amro Bank | 12½% | ■ Hambros Bank | 12½% |
| Henry Ansbacher | 12½% | Hargrave Secs. Ltd. | 12½% |
| Arbuthnot Latham | 12½% | Heritable & Gen. Trust | 12½% |
| Associates Cap. Corp. | 13 % | ■ Hill Samuel | §12½% |
| Banco de Bilbao | 12½% | C. Hoare & Co. | †12½% |
| BCCI | 12½% | Hongkong & Shanghai | 12½% |
| Bank Hapoalim BM | 12½% | Kingsnorth Trust Ltd. | 14 % |
| Bank of Ireland | 12½% | Knowsley & Co. Ltd. | 13 % |
| Bank Leumi (UK) plc | 12½% | Lloyds Bank | 12½% |
| Bank of Cyprus | 12½% | Mallinhall Limited | 12½% |
| Bank Street Sec. Ltd. | 13½% | Edward Manson & Co. | 13½% |
| Bank of N.S.W. | 12½% | Midland Bank | 12½% |
| Banque Belge Ltd. | 12½% | ■ Samuel Montagu | 12½% |
| Banque du Rhone et de la Tamise S.A. | 13 % | ■ Morgan Grenfell | 12½% |
| Barclays Bank | 12½% | National Westminster | 12½% |
| Beneficial Trust Ltd. | 13½% | Norwich General Trust | 12½% |
| Bremar Holdings Ltd. | 13½% | P. S. Refson & Co. | 12½% |
| Brit. Bank of Mid. East | 12½% | Roxburghe Guarantee | 13 % |
| ■ Brown Shipley | 12½% | Slavenburg's Bank | 12½% |
| Canada Perm't Trust | 13 % | Standard Chartered | ‖12½% |
| Castle Court Trust Ltd. | 13 % | Trade Dev. Bank | 12½% |
| Cavendish G'ty T'st Ltd. | 14 % | Trustee Savings Bank | 12½% |
| Cayzer Ltd. | 12½% | TCB | 12½% |
| Cedar Holdings | 13 % | United Bank of Kuwait | 12½% |
| ■ Charterhouse Japhet | 12½% | Volkskas Intl. Ltd. | 12½% |
| Choulartons | 13 % | Whiteaway Laidlaw | 13 % |
| Citibank Savings | ¶12½% | Williams & Glyn's | 12½% |
| Clydesdale Bank | 12½% | Wintrust Secs. Ltd. | 12½% |
| C. E. Coates | 13½% | Yorkshire Bank | 12½% |
| Comm. Bk. of Near East | 12½% | | |
| Consolidated Credits | 12½% | | |
| Co-operative Bank | *12½% | | |
| Corinthian Secs. | 12½% | | |
| The Cyprus Popular Bk. | 12½% | | |
| Duncan Lawrie | 12½% | | |
| Eagil Trust | 12½% | | |
| E.T. Trust | 12½% | | |
| Exeter Trust Ltd. | 13½% | | |
| First Nat. Fin. Corp. | 15 % | | |
| First Nat. Secs. Ltd. | 15 % | | |
| Robert Fraser | 13 % | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.

† 7-day deposits on sums of: under £10,000 9¼%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.

‡ Call deposits £1,000 and over 9½%.

‖ 21-day deposits over £1,000 10½%.

§ Demand deposits 9½%.

¶ Mortgage base rate.

# Continental Illinois paper tumbles in Euromarkets

BY ALAN FRIEDMAN

PRICES of outstanding Continental Illinois Bank Eurodollar bonds were marked sharply lower yesterday. Several houses suspended trading in the U.S. bank's paper as the market became increasingly jittery about the its $1bn of energy loan participations bought from Penn Square, hte Oklahoma bank which collapsed last week.

The Continental Illinois 15¾ per cent 1989 issue stood at 96¾ to 97¾ last night, down 3 points in 48 hours. The 9¾ per cent 1986 paper closed at 80 to 80½, also off 3 points, while the 14¾ per cent 1984 bonds were at94¾ to 95¼, marked 1¼ points lower on the day.

Mr Al Page, chief executive of Continental's London merchant bank, termed the mark-down "a *great over-reaction,*" but admitted that his dealing room was one of the few market-makers in Europe still trading his bank's Eurobonds last night.

Prices of Eurodollar, Euro D-mark and Swiss franc foreign bonds all closed unchanged yesterday after another day of light volume and a nervous mood among traders.

Credit Foncier de France has launched an unusual new $200m floating rate note issue through CCF, Morgan Guaranty and Dai-Ichi Kangyo. The seven-year paper bears a spread of ⅛ per cent above the three-month London interbank offered rate (Libor), but allows holders to convert the "floaters" into 12.5 per cent fixed-rate bonds maturing in 1992. The conversion is possible every three months and will begin at a discounted price which provides a 15¼ per cent yield. The conversion bond price will be increased every three months and the discount *will shrink every three months* so that the yield moves ¼ per cent lower until the price is par and the yield is 12.5 per cent after three years.

The CFF "floater" allows investors to hedge on interest rates while still obtaining ⅛ per cent over three-month Libor. It would then look in the interest rate for investors who reckon rates are likely to fall sufficiently to make this attractive.

Banque Worms, the French state-owned bank, is out with a $75m 12-year "floater" bearing a spread of ¼ per cent over six-month Libor. Credit Suisse First Boston and Banque Worms are lead-managers.

In West Germany the widely expected DM 100m issue for Caisse Nationale des Telecommunications was launched yesterday with a 9¾ per cent coupon through WestLB. The maturity is ten years.

In Switzerland, a SwFr 100m *ten-year issue is being launched* for NYK Lines, the Japanese shipping group. Indicated yield is 7 per cent and Credit Suisse is lead-manager.

# Two EBIC banks to integrate

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

EUROPEAN Banks International Company, the association which groups seven European commercial banks, has decided to integrate much more closely the operations of its two consortium banks European Banking Company and Banque Europeenne de Credit (BEC).

A statement yesterday said that the two banks would have a unified board, while other corporate arrangements concerning their integration still have to be determined.

EBIC said that this would improve the range of services available to clients of thetwo banks. European Banking is a diversified London merchant bank, while BEC, which is based in Brussels, concentrates on medium-term Eurocurrency lending.

The statement gave few details of how the integration would work in practice, and it is understood that final arrangements may not be completed till early next year.

No change in ownership of the two banks is planned. Both are owned by EBIC members which include Amro, Banca Commerciale Italiana, Creditanstalt-Bankverein, Deutsche Bank, Midland, Ste Generale de Banque and Ste Generale.

In balance-sheet terms BEC, whose total assets at the end of last year were BFr 155bn, is the fourth largest bank in Belgium, while the managing director of European Banking, Mr S. M. Yassukovich, is one of the best known and most experienced bankers in the Euromarket.

In a separate announcement Scandinavian Bank said it plans to acquire 66 per cent of the outstanding shares of Banque Scandinave en Suisse of Geneva. This will give it consolidated assets of more than £2bn.

The shares being acquired by Scandinavian Bank are currently held by its existing Nordic shareholders who will receive new shares in Scandinavian Bank in exchange for their shares in the Swiss bank, which will continue to be managed from Switzerland and have a separate board of directors.

# Merrill Lynch files for $300m 'shelf' issue

By Our New York Staff

MERRILL LYNCH, the Wall Street stockbroking giant, yesterday filed with the Securities Exchange Commission for $300m of debt securities under the SEC's controversial "shelf registration" rule.

The rule allows borrowers to put a registration "on the shelf" and then sell securities as and when they want over a given period. Previously, borrowers had to go to the SEC every time they wanted to sell securities.

The Merrill issue will be underwritten by many of the big names that have taken up cudgels in the "shelf rule" debate: First Boston, Goldman Sachs, Morgan Stanley, Salomon Brothers and Merrill Lynch itself.

Many firms have argued that the rule will disrupt the market and reduce underwriting business. But others maintain that it streamlines the capital-raising process.

● The Federal Reserve Board said yesterday that it would hold hearings on September 13 on a request by Bank of America, to buy Charles Schwab and Company, the largest no-frills, cut-rate stockbroker in the U.S.

The proposed acquisition is widely viewed as a key test of U.S. banking law which says that banks may not underwrite securities. Bank of America argues that Schwab does not underwrite securities, it only executes buy and sell orders from customers.

# Earnings gain for Chemical New York

By Our New York Staff

CHEMICAL New York Corporation, holding company for Chemical Bank, the seventh largest in the U.S., and notable this year for its absence from the list of those involved in major banking *misfortunes*, has recorded a 10 per cent gain in income in the second quarter.

Before securities transactions, income rose from $53m to $58.4m there was a sharp increase in foreign exchange trading profits at $13.3m against $11.5m.

At the six-month stage, Chemical's earnings were 13 per cent up from $106.9m to $120.6m before securities dealings.

The setback in equity markets was reflected in a loss of $1.3m on securities trading for the six months, compared with a corresponding gain last year of $5.5m.

Earnings per share for the second quarter were $2.09, against $2.16, before securities trading, and $2.05 against $2.13 after.

Per share returns for the half-year were $4.52 against $4.40 before securities dealings and $4.05 against $4.03 after.

For the whole of fiscal 1981, Chemical earned $215.2m compared with $175.2m in the previous year.

# Ford again omits payout

By Our New York Staff

FORD MOTOR COMPANY will not pay a dividend for the third quarter of 1982, having already ommitted dividend payments for the first half of the year. In 1981, the company paid dividends at the rate of 30 cents a quarter.

In the year to date, Ford has sold nearly 7 per cent fewer cars than in 1981. As a result of substantial cost reductions, a number of analysts have forecast that the second quarter figures—which are due at the end of this month—will show that the group has returned to the black with earnings of perhaps $100m in the latest three months. But there is still considerable uncertainty about the outlook for the rest of the year.

The latest dividend cut will save Ford some $36m.

## U.S. QUARTERLIES

| CHAMPION HOME BUILDERS | 1982-83 | 1981-82 |
|---|---|---|
| | $ | $ |
| First quarter | | |
| Revenue | 66.0m | 55.7m |
| Net profits | 2.73m | 1.76m |
| Net per share | 0.08 | 0.05 |

| CSX CORPORATION | 1982 | 1983 |
|---|---|---|
| | $ | $ |
| Second quarter | | |
| Revenue | 1.31bn | 1.25bn |
| Net profits | 69.6m | 37.0m |
| Net per share | 1.67 | 0.90 |
| Six months | | |
| Net profits | 117.8m | 124.8m |
| Net per share | 2.83 | 3.04 |

| FEDERAL COMPANY | 1981-82 | 1980-81 |
|---|---|---|
| | $ | $ |
| Fourth quarter | | |
| Revenue | 302.4m | 293.0m |
| Net profits | 5.83m | 2.43m |
| Net per share | 0.71 | 0.30 |
| Year | | |
| Revenue | 1.16bn | 1.1bn |
| Net profits | 17.56m | 20.12m |
| Net per share | 2.14 | 2.47 |

| FEDERAL PAPER BOARD | 1982 | 1981 |
|---|---|---|
| | $ | $ |
| Second quarter | | |
| Revenue | 114.7m | 119.0m |
| Net profits | 4.92m | 8.88m |
| Net per share | 0.80 | 1.16 |
| Six months | | |
| Revenue | 237.7m | 233.0m |
| Net profits | 10.27m | 13.82m |
| Net per share | 1.69 | 1.60 |

U.S. GROUP 'WELL PLACED' FOR SECOND HALF

# General Electric increases profits

BY RICHARD LAMBERT IN NEW YORK

EARNINGS growth at General Electric Company, the leading U.S. industrial group, accelerated a little during the second quarter of 1982. But the company has lowered its forecasts for economic activity in the second half of this year, and warns that the high level of interest rates is creating a drag on capital spending and threatens any sustained economic recovery in 1983.

Second quarter earnings rose 7 per cent, from $436m to $465m, lifting half-year profits by 6 per cent from $795m to $842m. Earnings per share were $2.05, against $1.92 for the quarter, and $3.71 agaainst $3.49 for the six months.

Half-year sales fell by 3 per cent, from $13.04bn to $12.66bn, including second quarter returns down from $6.96bn to $6.63bn.

*GE's chairman, Mr John* Welch, said yesterday that the improvement in profit margins reflected strong sales gains by some of the group's high technology and service businesses, and a favourable trend in costs across most activities. Earnings from aerospace, aircraft engines, medical systems, nuclear fuel and services, information services and the financing subsidiary — GE Credit Corporation — had risen by $62m in the latest quarter. This gain had more than offset a decline of $33m in other businesses, mainly major appliances, along with lighting and engineered materials, Mr Welch added.

Despite a weak June, there were signs that the recession *had bottomed in the consumer* segments of the business, but the capital goods activities continued to decline, he said.

Mr Welch commented that although the economic outlook remained uncertain, GE was well positioned for the second half of 1982. Its recently-agreed three-year labour contract would lead to increased productivity and competitiveness.

Among individual segments of the business, power systems have achieved substantially higher earnings, mainly the result of profitability in the nuclear fuel and service interests. Aircraft engines are also well ahead, with a sharp improvement in military engine volume more than offsetting *lower results on the commercial* engine side.

Earnings from consumer products are considerably lower than in 1981, although the downturn in the latest period was not as steep as it had been in the first quarter of the year. The setback results from lower physical volume

● GE's offshoot, General Electric Venture Capital Corporation, has raised its stake in Gearhart Industries to 1.87m shares, or 12.1 per cent. The total includes 668,400 shares bought in May and June at $14.90 to $20.59 apiece.

# McLouth Steel wins more time

BY TERRY BLAND IN NEW YORK

PRINCIPAL LENDERS of McLouth Steel of Detroit, which is trading under Chapter 11 of the bankruptcy laws, have granted a one-month extension to its closure timetable.

Their decision, taken a fortnight after refusing such an extension, was announced as McLouth confirmed that Tang Industries, a Chicago-based metals warehousing and processing group, is negotiating its possible acquisition.

McLouth has until October 1 to conclude a full or partial takeover as the only way to avoid bankruptcy.

Other parties are believed to be interested in buying McLouth but only Kobe Steel of Japan has publicly admitted so.

McLouth said that the extension, the sixth, would allow it to present itself to prospective buyers as a going concern.

Last month it retained Lazard Freres, the New York investment bankers to help it find a bidder.

McLouth has roughly halved its debts to about $80m since December but it still needs a buyer for its steelmaking assets. Industry analysts consider these to be relatively inefficient compared to modern ones. Excess capacity in the industry is an additional hurdle.

About one-third of McLouth's output goes to General Motors and the remainder goes to other areas of the still depressed motor industry.

McLouth will have to begin closing its operations in August to meet a final closure date in October. But the company stressed yesterday that its creditors have said they will grant extensions as long as there is "evidence of sufficient interest by a purchaser or equity investor."

# Hanna shares fall after pact with Norcen

By Our New York Staff

SHARES in Hanna Mining opened sharply lower in New York yesterday as investors decided the settlement of the bitter takeover battle with Norcen Energy Resources had brought most benefit to Norcen, a Canadian energy group headed by Mr Conrad Black.

Norcen has settled for a 20 per cent stake in Hanna and to abandon its fight for 43 per cent. It will also pay $90m for Hanna's 40 per cent stake in Hollinger North Shore Exploration and 20 per cent in Labrador Mining and Exploration.

Norcen wanted Hanna because of its 27 per cent holding in Iron Ore Company of Canada. Hollinger Argus and Labrador Mining, both controlled by Mr Black, own 10 per cent of Iron Ore.

Under the Hanna settlement, Norcen has increased its share of earnings from Iron Ore Company. "We achieved what we wanted from the outset," said Mr Black in Toronto, "and Hanna got what it wanted—$90m in cash."

# Kroger has a strong half-year

BY OUR NEW YORK STAFF

BOTH SALES and earnings have maintained their momentum at Kroger, second largest of the U.S. retail groups, putting the company well on target for Wall Street forecasts for the full year.

Half-year earnings rose 25 per cent from $45m or $1.60 a share to $56.2m or $1.89 a share, while sales at Kroger's 1,300 supermarkets in 20 of the States, held a steady rise of 7.8 per cent, from $5.07bn to $5.5bn.

For the full year, a 6 per cent gain in earnings is predicted, indicating the seventh consecutive annual gain.

The second quarter brought a 25 per cent gain in earnings from $28.6m to $35.9m or from $1.02 to $1.20 a share on sales 7.7 per cent up from $2.59bn to $2.81bn. The figures reflect continued firmness in margins at the group's gourmet food departments within the supermarkets which helped offset the effects of industrial recession on Krogers stores in the mid-west. Also helping profits has been an improved performance at SupeRx drugstore chain.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Closing prices on July 8

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aetna Life 15 86/97 | 150 | 101¼ | 101¾ | +0¼ | +1¼ | 14.39 |
| Amax Int. Fin. 15¾ 92 | 75 | 96¾ | 97½ | 0 | −0¾ | 16.84 |
| Amax O/S Fin. 14¾ 89 | 75 | 93⅞ | 94¼ | +0⅛ | +0⅛ | 15.67 |
| ATT 14¼ 89 | 400 | 101⅞ | 102⅜ | +0⅛ | +0⅝ | 13.70 |
| Baker Int. Fin. 0.0 92 | 225 | 25⅞ | 26¼ | −0½ | +0⅛ | 15.01 |
| BHP Finance 14⅜ 89 | 150 | 94⅞ | 95¼ | +0⅛ | −0⅛ | 16.00 |
| Bk. Amer. NT SA 12 87 | 200 | 89⅞ | 90¼ | 0 | +0⅛ | 15.08 |
| Bk. Montreal 14½ 87 | 100 | 94⅞ | 95¼ | −0⅛ | −0⅜ | 16.02 |
| Bque. Indo Suez 15 89 | 100 | 95⅞ | 96⅜ | +0⅛ | 0 | 16.13 |
| British Col. Hyd. 14¾ 89 | 200 | 96⅜ | 96¾ | +0⅛ | 0 | 15.58 |
| Burroughs Int. 15⅝ 88 | 50 | 99¼ | 99¾ | +0¼ | −0⅜ | 15.82 |
| Canada 14⅛ 87 | 750 | 96⅝ | 97⅛ | −0⅛ | −0⅜ | 15.30 |
| Canadair 15½ 87 | 150 | 99 | 99½ | 0 | −0½ | 15.66 |
| Canadian Pac. 14⅜ 92 | 75 | 93⅞ | 94⅜ | −0⅜ | −0⅛ | 15.84 |
| Carolina Power 16½ 89 | 60 | 100½ | 101 | +0¼ | +0⅜ | 16.23 |
| CIBC 16 87 | 100 | 99½ | 100 | −0⅛ | −0⅜ | 16.00 |
| Citicorp O/S 15 84/92 | 100 | 99¾ | 100¼ | 0 | +0½ | 14.88 |
| Citicorp O/S 15½ 85/97 | 125 | 99⅞ | 100⅜ | +0⅛ | +0⅜ | 15.32 |
| CNA 15⅞ 97 | 75 | 95⅛ | 95⅞ | 0 | −0⅜ | 16.64 |
| Con. Illinois 15¼ 89 | 100 | 98¾ | 99¼ | −1¼ | −0½ | 15.97 |
| Duke Pwr. O/S 15½ 89 | 60 | 94½ | 95 | +0⅛ | −0¼ | 16.80 |
| Dupont O/S Cap. 0.0 90 | 300 | 34 | 34½ | −0⅛ | −0⅞ | 15.16 |
| ECSC 14¾ 87 (April) | 50 | 96⅛ | 96⅝ | −0¼ | −0½ | 15.83 |
| ECSC 14¾ 87 (June) | 30 | 96⅛ | 96⅝ | −0⅛ | −0⅛ | 15.83 |
| EIB 15⅜ 89 | 150 | 98⅛ | 98⅝ | −0⅜ | −0⅞ | 15.85 |
| Eksportfinans 14½ 89 | 50 | 95 | 95½ | 0 | +1½ | 15.64 |
| Gen. Elec. Credit 0.0 92 | 400 | 27⅛ | 27⅝ | +0⅛ | −0½ | 14.43 |
| Gen. Elec. Credit 0.0 93 | 400 | 23½ | 24 | +0⅛ | −0½ | 14.51 |
| Getty Oil Int. 14 89 | 125 | 96⅝ | 97⅛ | −0⅛ | +1¼ | 14.72 |
| GMAC O/S Fin. 16 88 | 150 | 100⅜ | 100⅞ | +0⅛ | +0⅜ | 15.75 |
| GMAC O/S 15¼ 85/97 | 100 | 98½ | 99 | −0⅛ | +0⅛ | 15.74 |
| GMAC O/S Fin. 15 88 | 125 | 96⅛ | 96⅝ | 0 | −0⅛ | 15.87 |
| GMAC O/S Fin. 15 87 | 100 | 98¼ | 98¾ | 0 | +0⅜ | 15.42 |
| Gulf Canada Ltd 14¾ 92 | 100 | 94⅝ | 95⅛ | −0¼ | −0¼ | 15.77 |
| Gulf Oil 14⅜ 94 | 175 | 96⅞ | 97⅜ | −0⅛ | −0⅜ | 14.74 |
| Gulf Oil Fin. 0.0 92 | 300 | 26½ | 27 | 0 | −0½ | 14.64 |
| Gulf States O/S 16 90 | 60 | †94¾ | 95¼ | −0½ | −1⅜ | 17.16 |
| Int-Am. Dv. Bk. 15⅝ 87 | 55 | 96⅛ | 96⅝ | +0⅛ | +0⅛ | 16.09 |
| Japan Dev. Bk. 15½ 87 | 50 | 101½ | 102 | −0⅛ | +0⅛ | 14.87 |
| New Brunswick 16⅛ 89 | 75 | 100¼ | 100¾ | −0⅛ | −0⅛ | 16.05 |
| Ontario Hydro 14¾ 89 | 150 | 96⅞ | 97⅜ | −0⅛ | 0 | 15.45 |
| Pac. Gas & El. 15½ 89 | 45 | 99⅞ | 100⅜ | +0⅛ | −0¼ | 15.45 |
| Phillips Petrol 14 89 | 200 | 94½ | 95 | +0⅛ | +0⅛ | 15.26 |
| R.J. Rynlds. O/S 0.0 92 | 400 | 26¼ | 26¾ | −0⅛ | −0½ | 14.81 |
| Saskatchewan 16 89 | 125 | 100½ | 101 | 0 | +0¼ | 15.75 |
| Shell Canada 14½ 92 | 125 | 94⅞ | 95⅛ | −0¼ | +0⅛ | 15.39 |
| Spain 15⅜ 87 | 100 | 98⅞ | 99¼ | 0 | −0⅛ | 16.03 |
| Superior O/S Fin. 14 89 | 125 | 93⅜ | 93⅞ | −0½ | +1½ | 15.55 |
| Swed. Exp. Cr. 15¼ 89 | 100 | 97⅜ | 97⅞ | −0¼ | −0⅛ | 15.79 |
| Swed. Exp. Cr. 14¾ 90 | 100 | 93¼ | 93¾ | +0⅛ | −0⅛ | 16.21 |
| Swed. Exp. Cr. 0.0 94 | 200 | 19½ | 20 | 0 | −0½ | 14.91 |
| Texas Eastern 15¼ 89 | 60 | 100½ | 101 | +0⅛ | −0⅛ | 15.54 |
| Union Carbide 14⅜ 89 | 150 | 97 | 97½ | +0⅛ | +1½ | 15.39 |
| Wells Fargo I. F. 15 87 | 75 | 97⅜ | 97⅞ | −0¼ | −0⅛ | 15.68 |
| World Bank 14¼ 87 | 500 | 95¼ | 95¾ | +0⅛ | +0¼ | 15.60 |
| World Bank 15¼ 88 | 250 | 98⅛ | 98⅝ | +0⅛ | +0½ | 15.63 |

Average price changes... On day 0 on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 9¾ 92 | 150 | 98⅜ | 98⅞ | +0⅛ | −0⅛ | 9.46 |
| Australia 9⅛ 91 | 200 | 102⅝ | 103⅛ | 0 | −0½ | 8.85 |
| Austria 8⅞ 92 | 100 | 94¾ | 95¼ | 0 | −0½ | 9.18 |
| Barclays O/S In. 8¾ 94 | 100 | 95¼ | 95¾ | +0¼ | +0¼ | 9.00 |
| Bowater Int. Fin. 8½ 89 | 50 | 95⅜ | 95⅞ | 0 | −0⅛ | 9.38 |
| Canada 8½ 89 | 200 | 101¼ | 101¾ | +0¼ | 0 | 8.22 |
| Comp. Tel. Esp. 10½ 92 | 100 | 100½ | 101 | −0¼ | −0¼ | 10.35 |
| Cred. Foncier 8⅞ 92 | 100 | 95¾ | 96¼ | −0½ | −1 | 9.38 |
| Denmark 10⅛ 92 | 100 | 102¼ | 102¾ | −0⅛ | 0 | 9.70 |
| EDF 9⅞ 92 | 100 | 100⅜ | 100⅞ | 0 | −0⅛ | 9.80 |
| EIB 8⅞ 92 | 100 | 94¾ | 95¼ | +0¼ | −0¼ | 9.16 |
| Int.-Am. Dev. Bk. 9 92 | 150 | 96⅞ | 97⅜ | −0⅜ | −1⅛ | 9.45 |
| Nacnl. Financiera 11 90 | 150 | 96⅝ | 97⅛ | 0 | +0⅛ | 11.61 |
| Norsk Hydro 8½ 92 | 100 | 97¾ | 98¼ | +0⅛ | +0⅛ | 8.81 |
| Philips Lamps 8½ 92 | 100 | 97¾ | 98¼ | +0⅛ | +0⅛ | 8.81 |
| Philip Morris 8¼ 90 | 100 | 99½ | 100 | 0 | −0⅛ | 8.29 |
| Quebec 10⅛ 92 | 150 | 102½ | 103 | +0⅛ | −0⅛ | 9.67 |
| Renfe 10 92 | 100 | 99⅝ | 100⅛ | +0½ | −0⅛ | 10.01 |
| SNCF 8¾ 92 | 100 | 95¼ | 95¾ | 0 | −0⅛ | 9.27 |
| Tauernautobahn 9⅞ 94 | 50 | 101⅞ | 102½ | +0⅛ | −0⅛ | 9.55 |
| Tenneco Int. 9 92 | 100 | 97¾ | 98¼ | 0 | 0 | 9.34 |
| World Bank 9½ 89 | 100 | 100¼ | 100¾ | +0⅛ | −0⅛ | 9.38 |
| World Bank 8½ 92 | 200 | 94¾ | 95½ | 0 | −0⅛ | 9.27 |

Average price changes... On day 0 on week −0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Air Canada 6¼ 92 | 100 | 100⅜ | 100⅞ | +0⅛ | −0⅛ | 6.14 |
| Asian Dev. Bank 7 82 | 100 | 101¼ | 101¾ | +0⅛ | +0⅛ | 6.82 |
| Aucalsa 7¾ 92 | 80 | 96¾ | 97 | 0 | +0¼ | 8.22 |
| Australia 6½ 94 | 100 | 104½ | 104⅞ | −0¼ | −0⅛ | 5.98 |
| BNP 6¾ 92 | 100 | 96⅜ | 96⅞ | −0½ | −1¼ | 7.22 |
| Cse. Nat. l'Energie 7 92 | 100 | 100½ | 101¼ | −0¼ | −0⅞ | 6.87 |
| CFF-Mexico 8⅛ 92 | 50 | 96½ | 97¼ | +0⅛ | −0⅛ | 8.73 |
| Co-op. Denmark 8⅜ 92 | 25 | 104⅛ | 105¼ | +0½ | +1⅛ | 7.62 |
| Crown Zellerbach 6⅜ 92 | 100 | 99⅜ | 99⅞ | 0 | −0⅞ | 6.78 |
| Europarat 7⅛ 92 | 100 | 100 | 100¼ | +0½ | −1¼ | 7.23 |
| Ind. Fund Finland 6¾ 92 | 30 | 98½ | 99¼ | +0½ | +0½ | 6.91 |
| Japan Dev. Bank 6 94 | 100 | 99 | 99½ | −0½ | −0⅛ | 6.10 |
| Kobe City 6⅛ 92 | 100 | 100⅛ | 100⅝ | +0⅛ | −0⅛ | 6.09 |
| Kommunlanp 7¼ 92 | 35 | 100 | 100¼ | −0⅞ | −0⅛ | 7.23 |
| Lonrho Int. Fin. 7½ 92 | 80 | 94¾ | 95 | −0¼ | −0⅛ | 8.27 |
| Mitsui OSK 6½ 92 | 100 | 99 | 99½ | −0½ | −0⅞ | 6.60 |
| Nafinsa 8⅛ 92 | 80 | 95¼ | 95½ | +0⅛ | −0⅛ | 8.97 |
| New Zealand 6 92 | 100 | 99⅞ | 100⅜ | −0⅛ | −1⅜ | 5.98 |
| Philip Morris 6⅜ 92 | 100 | 102½ | 103 | −0⅛ | −0⅛ | 6.23 |
| Philip Morris 6⅛ 94 | 100 | 101¼ | 101¾ | 0 | −0⅛ | 6.10 |
| Renfe 7¾ 92 | 80 | 96⅛ | 96⅞ | 0 | −0⅛ | 8.24 |
| Sekisui Pre. 5⅜ 92 WW | 70 | 103½ | 103¾ | +0⅛ | 0 | 6.26 |
| Soc. Lux. de Cnt. 8⅛ 92 | 80 | 105½ | 105¾ | −0⅛ | −0⅛ | 7.17 |
| Svenska Handels. 6¾ 92 | 100 | 98 | 98¼ | +0⅛ | −0¼ | 7.02 |
| Tiroler Wasser 6⅞ 92 | 100 | 96½ | 98½ | −0⅛ | −0¼ | 6.76 |
| Vorarlberg Kraft 6⅞ 92 | 50 | 102½ | 103 | −0⅛ | −0⅜ | 6.38 |

Average price changes.. On day 0 on week −0½

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| EIB 8⅛ 92 | 15 | 97 | 97¾ | 0 | 0 | 8.65 |
| Int.-Amer. Dev. 8⅞ 91 | 15 | 101⅛ | 102⅛ | 0 | +0⅛ | 8.55 |
| Japan Airlines 7⅞ 87 | 9 | 95⅛ | 95⅞ | +0⅛ | 0 | 9.09 |
| New Zealand 8⅛ 87 | 15 | 99⅞ | 100¼ | −0⅛ | +0⅛ | 8.44 |
| World Bank 8⅛ 92 | 20 | 98⅛ | 99¼ | −0⅛ | −0⅛ | 8.56 |

Average price changes... On day 0 on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 16 89 C$ | 100 | †96⅞ | 97¼ | 0 | +0¼ | 16.70 |
| Can. Pac. S. 16⅜ 89 C$ | 50 | †97⅛ | 97⅞ | +0⅛ | +0⅛ | 16.97 |
| Crd. Foncier 17¼ 89 C$ | 30 | †98⅝ | 99⅜ | 0 | +0⅛ | 17.33 |
| Gaz Metro. 17⅛ 90 C$ | 20 | †96½ | 97½ | +0⅛ | +1⅛ | 17.87 |
| OKB 16½ 88 C$ | 63 | †97⅛ | 97⅞ | +0⅛ | +1⅛ | 16.97 |
| Q. Hyd. 16½ 89 (My) C$ | 50 | †99¼ | 99¾ | 0 | +0⅛ | 16.59 |
| Quebec Prov. 16½ 89 C$ | 50 | †99½ | 100 | 0 | +0½ | 16.51 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 92⅝ | 93½ | 0 | +1⅛ | 10.90 |
| Amro Bank 10 87 Fl | 150 | 98⅞ | 99⅜ | +0½ | +0⅛ | 10.22 |
| Bk. Mees & H. 10 87 Fl | 75 | 97⅛ | 97⅝ | −0½ | −0⅜ | 10.70 |
| Eurofima 10½ 89 Fl | 50 | 99⅜ | 99⅞ | 0 | +0⅛ | 10.56 |
| Ireland 10½ 87 Fl | 75 | 97¼ | 97¾ | −0⅛ | −0¼ | 11.14 |
| Phil. Lamps 10⅛ 87 Fl | 100 | 99⅞ | 100⅛ | +0⅛ | +0¼ | 10.23 |
| World Bank 10 87 Fl | 150 | 97⅝ | 98⅛ | 0 | −0⅛ | 10.57 |
| OKB 14 86 FFr | 400 | 92⅝ | 93⅝ | 0 | +0½ | 16.58 |
| Solvay et C. 14¾ 86 FFr | 200 | 92¼ | 93¼ | 0 | +0⅛ | 17.48 |
| Beneficial 14¼ 90 £ (D) | 20 | 87⅞ | 88⅜ | +0⅛ | 0 | 16.93 |
| BFCE 14½ 87 £ | 30 | 98⅞ | 99⅜ | −0⅛ | +0⅛ | 14.75 |
| BNP 13½ 91 £ | 15 | 93⅞ | 94⅞ | 0 | +0⅞ | 14.85 |
| CECA 13½ 88 £ | 20 | 95⅜ | 96⅛ | +0⅛ | +0⅞ | 14.56 |
| Fin. Ex. Cred. 13¾ 86 £ | 15 | 95¾ | 97⅛ | 0 | +0½ | 14.74 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 93⅛ | 94⅛ | +0½ | +1¼ | 13.99 |
| Hiram Walker 14⅛ 86 £ | 25 | 98 | 98⅞ | −0⅛ | +0⅛ | 14.78 |
| Norsk Hydro. 14½ 87 £ | 30 | 98⅞ | 99⅜ | −0⅛ | +0⅛ | 14.72 |
| Privatbanken 14½ 88 £ | 12 | 95⅝ | 96⅝ | +0⅛ | 0 | 15.48 |
| Quebec 15½ 87 £ | 35 | 101⅞ | 102⅜ | +0¼ | +0⅛ | 14.74 |
| Reed (Nd) NV 16⅛ 89 £ | 25 | 104 | 105 | +0⅛ | +0⅛ | 15.55 |
| Royal Trustco 14 86 £ | 12 | 98⅜ | 99⅜ | +0⅛ | +0½ | 14.34 |
| SDR France 15½ 92 £ | 30 | 100⅜ | 100⅞ | +0⅛ | +0½ | 15.35 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 97½ | 98½ | +0⅛ | +0½ | 14.41 |
| Eurofima 10½ 87 LuxFr | 500 | 95⅜ | 96⅜ | +0⅛ | +0⅛ | 11.55 |
| EIB 9¾ 88 LuxFr | 600 | 92⅝ | 93⅝ | 0 | −0⅛ | 11.46 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish 5¼ 92 | 0¼ | 98 | 98½ | 15/10 | 15.69 | 15.97 |
| Bk. of Tokyo 5⅛ 91 (D) | 0⅛ | 98⅞ | 99⅛ | 8/12 | 15⅛ | 15.38 |
| Bk. Nova Scotia 5⅛ 93 | 0⅛ | 98½ | 99 | 29/10 | 15⅛ | 15.32 |
| BFCE 5⅛ 88 | 0⅛ | 98⅝ | 99⅛ | 28/10 | 15 | 15.17 |
| BFCE 5¼ 87 | 0¼ | 99¼ | 99¾ | 27/7 | 16⅛ | 16.33 |
| BNP 5⅛ 89 WW | 0⅛ | †98⅛ | 98⅝ | 6/11 | 15.19 | 15.44 |
| Caisse Nat. Tels. 5¼ 90 | 0¼ | 99 | 99½ | 21/10 | 15⅛ | 15.87 |
| CCCE 5¼ 2002 | 0⅛ | 98⅛ | 98⅝ | 11/12 | 15⅛ | 15.61 |
| CEPME 5¼ 92 | 0¼ | 98⅞ | 99⅛ | 10/12 | 15.44 | 15.57 |
| Chemical NY 5¼ 94 | 0¼ | 99 | 99½ | 23/9 | 16.69 | 16.81 |
| Cont. Illinois 5¼ 94 | 0¼ | 98⅞ | 99⅛ | 24/9 | 16⅛ | 16.52 |
| Credit Agricole 5⅛ 97 | 0⅛ | 99 | 99½ | 24/9 | 15.44 | 15.56 |
| Credit du Nord 5¼ 92 | 0¼ | 98⅞ | 99⅛ | 23/12 | 16.81 | 16.96 |
| Credit Lyonnais 5¼ 97 | 0¼ | 98⅞ | 99⅛ | 1/10 | 16 | 16.14 |
| Credit Nat. 5⅛ 94 | ‡0⅛ | 98⅛ | 98⅝ | 9/9 | 14.69 | 14.91 |
| Denmark, Kngdm. of 92 | 0⅛ | †98⅞ | 99⅛ | 25/8 | 15.44 | 15.59 |
| Ireland 5¼ 89/94 | 0¼ | †98⅛ | 98⅝ | 25/11 | 14⅜ | 14.97 |
| Kansallis Osake 5½ 92 | 0¼ | 98⅞ | 99⅛ | 6/11 | 15.31 | 15.45 |
| Lloyds Eurofin 5¼ 93 | §0¼ | 98⅞ | 99⅛ | 29/10 | 17⅛ | 17.28 |
| Long Term Cred. 5¼ 92 | 0⅛ | 98 | 98½ | 29/11 | 14⅜ | 14.89 |
| J. P. Morgan 5¼ 97 | §0¼ | 98⅞ | 99⅛ | 12/8 | 14⅜ | 14.77 |
| Nat. West. Fin. 5¼ 91 | §0⅛ | 99⅛ | 99⅞ | 15/7 | 15.19 | 15.24 |
| New Zealand 5⅛ 87 | 0⅛ | 99⅛ | 99⅝ | 7/10 | 15.56 | 15.66 |
| Nippon Credit 5¼ 90 | 0⅛ | 99 | 99½ | 10/8 | 16.06 | 16.18 |
| Offshore Mining 5¼ 91 | 0¼ | 98⅝ | 99⅛ | 2/12 | 14.19 | 14.35 |
| PKbanken 5 91 | 0¼ | 99 | 99½ | 17/12 | 15.81 | 15.93 |
| Scotland Int. 5⅛ 92 | 0⅛ | 98½ | 99 | 23/9 | 15⅛ | 15.57 |
| Sec. Pacific 5⅛ 91 | 0⅛ | 98⅝ | 99⅛ | 24/11 | 15 | 15.15 |
| Societe Generale 5¼ 95 | 0¼ | 99 | 99½ | 1/9 | 15.31 | 15.43 |
| Standard Chart. 5¼ 91 | 0⅛ | 98½ | 99 | 18/11 | 14⅞ | 15.06 |
| Sweden 5⅛ 89 | 0⅛ | 99 | 99½ | 26/8 | 15.31 | 15.43 |
| Toronto Domin'n 5¼ 92 | 0⅛ | 98⅝ | 99⅛ | 11/8 | 16⅛ | 16.56 |

Average price changes... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 80⅞ | 82⅛ | −0⅛ | 5.34 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 95½ | 97½ | +0⅛ | 68.18 |
| Bridgestone Tire 5½ 96 | 3/82 | 470 | 82¼ | 83¼ | −0½ | −7.49 |
| Canon 6⅜ 95 | 1/81 | 829 | 82 | 84 | −1⅛ | −21.92 |
| Canon 7 97 | 7/82 | 748.2 | 88½ | 90 | −0½ | 2.23 |
| Chugai Pharm. 7¼ 96 | 7/82 | 709.6 | 95⅝ | 97⅛ | −0¼ | 7.18 |
| Fujitsu Fanuc 4½ 96 | 10/81 | 5641 | 79½ | 81½ | −1½ | 11.74 |
| Furukawa Elec. 5¼ 96 | 7/81 | 300 | 78 | 79½ | 0 | −5.80 |
| Hitachi Cable 5¼ 96 | 2/82 | 515 | 79⅝ | 81⅛ | −1⅛ | 5.23 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1612 | 73 | 74½ | −1⅛ | 12.18 |
| Honda Motor 5½ 97 | 3/82 | 841 | 79⅛ | 80⅞ | −2⅛ | 6.78 |
| Kawasaki 5⅛ 96 | 9/81 | 229 | 60⅞ | 62⅛ | −1⅛ | 17.51 |
| Marui 6 96 | 7/81 | 846.4 | 92½ | 94 | −0½ | 1.45 |
| Minolta Camera 5 96 | 10/81 | 826.4 | 60 | 61½ | −0½ | 35.76 |
| Minorco 9⅛ 97 | 5/82 | 8.16 | †75 | 77 | −1½ | 34.73 |
| Murata 5¼ 96 | 7/81 | 2168 | 64 | 65½ | −0⅞ | 22.56 |
| NKK 6½ 96 | 7/81 | 188 | 68 | 69½ | −1⅛ | −23.74 |
| Nippon Chemi-C. 5 91 | 10/81 | 919 | 60 | 62 | 0 | 21.76 |
| Nippon Electric 5⅛ 97 | 2/82 | 846 | 82 | 83½ | −2⅛ | 6.81 |
| Orient Finance 5¼ 97 | 3/82 | 1205 | 83½ | 85¼ | −1½ | 5.33 |
| Sanyo Electric 5 96 | 10/81 | 652 | 61 | 62½ | −1½ | 11.23 |
| Sumitomo Elec. 5½ 97 | 3/82 | 577.3 | 79 | 80½ | −0¼ | 9.21 |
| Sumitomo Met. 5⅛ 96 | 10/81 | 296.1 | 61 | 62½ | −0¼ | 43.06 |
| Swiss Bk. Cpn. 6⅛ 96 | 9/80 | 191 | 70¼ | 72¼ | −1¼ | 31.86 |
| Konishiroku 6 90 DM | 2/82 | 585 | 100½ | 101½ | −0½ | 11.55 |
| Mitsubishi H. 6 89 DM | 2/82 | 263 | 88½ | 89½ | −1⅛ | 31.83 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

*Floating Rate Notes: Denominated in dollars unless otherwise indicated.* Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Italian banks to consider funds for Ambrosiano

BY RUPERT CORNWELL IN ROME

A GROUP of major Italian banks are due to decide in Milan today whether to set up a consortium to provide fresh funds for Banco Ambrosiano, to be channelled to some of its financially troubled overseas associates.

It is not clear how large the injection of new resources would be, although it is reliably said to be "considerable."

Nor is it known whether the arrangement will be limited to *the extension of guarantees for* fund-raising operations by the Milan bank's foreign offshoots, or whether it will involve an increase in the capital of Banco Ambrosiano Spa, the master company of the group, currently standing at L50bn ($35.7m).

The latest move is among the most important developments since the three commissioners began their probe of Ambrosiano's affairs on June 21, three days after the body of Sig Roberto Calvi, its president, was found under Blackfriars Bridge in London.

The new funds are understood to be required by the foreign *affiliates of Ambrosiano* to cover resources committed to Panamanian and other companies believed to be linked to the Instituto per le Opere di Religione (IOR), the Vatican bank.

This exposure in turn was covered by letters of patronage issued by the IOR. The latter, however, has made clear that it is only prepared to accept responsibility for a $250m loan by the Lima-based Banco Andino, controlled by Banco Ambrosiano Holdings of Luxembourg.

It was being made clear yesterday that the fresh resources were needed to prevent possible failures both inside and outside Italy. For that reason the banks commissioners are confident that "good sense will prevail" and that the consortium will be launched.

It was reported yesterday from Switzerland that negotiations are also under way for the disposal of Ambrosiano Luxembourg's 45 per cent holding in the Lugano-based Banco del Gottardo. However, such suggestions are being described in Milan as premature. Although a sweeping overhaul of Ambrosiano's foreign holdings—the source of most of the uncertainties surrounding the group—seems certain, the main concern at the moment is to regularise outstanding credits by the overseas subsidiaries.

Sig Calvi's disappearance a month ago was apparently precipitated by the letter of May 31 from the Bank of Italy demanding an explanation for the exposure of certain affiliates, including the Banco Andino, to risks involving $1.4bn, part of which at least is said to have bee nunderpinned by letters of patronage from IOR.

Pressure meanwhile remains intense on the Holy See to make a clear statement on the involvement of IOR with Ambrosiano, *following* last week's request in Parliament by Sig Nino Andreatta, the Treasury Minister.

# Allianz hit by mounting competition

By Our Financial Staff

ALLIANZ VERSICHERUNGS, the largest composite insurance group in Europe, will find it difficult to stop insurance earnings falling further in 1982. Pressure from competition and costs is *continuing, says* management board chairman Herr Wolfgang Schieren.

But he told shareholders at the annual meeting they will not be disappointed with the results this year. Helped by high interest rates, non-insurance profits will be at least maaintained, he said.

Group domestic premium income rose by about 8 per cent in the first half of 1982. This growth rate would ease in the second half by one or more percentage points as a result of poor performance in motor markets, which dominate the non-life side,

Other private insurance business became more difficult in the first half due to falling real incomes but Allianz increased new industrial business. Herr Schieren said foreign premium income growth was much weaker than last year's strong growth.



# Italtel halves six-month losses

BY JAMES BUCHAN IN BONN

ITALTEL, the Italian state-owned telecommunications company which is attempting to recover from a period of crippling losses and low productivity, more than halved its losses in the first half of 1982.

It lost L50bn ($35.5m) against a loss of L106.8bn in the first half of 1981. Sales rose 40 per cent to L350bn and the operating margin, before financial charges and other items, was positive to the tune of L30bn, against a loss of L40bn in the first half of 1981.

The company, which belongs to the IRI-Stet holding company, is in the course of a major programme of reorganisation and labour force reductions to recover from the effects of ill-planned expansion in the 1970s.

That expansion was fatally undermined by the failure of Sip, the main telephone utility and another subsidiary of Stet, to maintain its ordering programme because of financial difficulties of its own.

The problems of Sip are now being sorted out, so that orders to Italtel are increasing. Italtel itself, whose managing director is Sra Marisa Bellisario, is cutting its labour force, which is down to under 25,000 against nearly 29,000 at the end of 1980. The Milan based company says that sales per head rose 50 per cent between the first half of 1982 and the first half of 1981.

# Postbank proposals attacked

BY WALTER ELLIS IN AMSTERDAM

THE ASSOCIATION of Dutch banks, representing most of the Netherlands' banking institutions, has attacked the Government's present proposals for a state-owned Postbank.

A statement said that the banks were deeply disappointed that no changes had been made to the planned Postbank legislation so that, from the intended starting date of January 1984, they would have to compete with a state-owned body paying less taxes and enjoying government guarantees for its lending.

Under the intended legislation, formally adopted on Wednesday by the Dutch interim cabinet, the Postbank will pay tax at a rate of only 36 per *cent*, compared with 48 per cent by the commercial banks. Its loans will be backed in total by the state and its staff will remain civil servants, with inflation-proofed pensions and job security.

The Postbank, under the presidency of Mr Cornelis Schotsman, is a development of the existing Post Office Savings Bank and will have a virtual monopoly of control over Holland's transfer payments system for bills and salaries. It will also be able to lend to corporate clients and is hoping, through such state-backed loans and by its dominance of Giro dealings, to become the country's fifth largest bank from day one of its operations.

*Holland's commercial* banks, with the sole exception of Rabobank, have been against the idea from the start. They claim, however, that their criticism is not based on fear but on principle and on practical grounds.

The Minister for Finance, Mr Fons Van Der Stee, has said that the main idea of the proposed Postbank, apart from the creation of revenue for the *state, is the creation of employ*ment. In reply the commercial banks say that, with civil servants status for the Postbank staff and with state-aided entry into an already crowded industrial loans sector, they see more jobs being put at risk than are likely to be created.

# Why the Philippines finds foreign borrowing difficult

**Bankers remain cautious about their exposure in the Philippines and are worried by the continuing decline in demand for the country's major commodity exports, reports Emilia Tagaza from Manila**

THE PHILIPPINES Government has met increased difficulty in obtaining desired terms on foreign credits by showing a preference for local borrowers momentarily to retreat from the international market place. Bankers abroad stand firm in increasing their interest charges and in shortening their funds' maturities, and The Philippines may borrow much less than the $1bn that it set as a target for external commercial borrowings this year.

The Philippines' reluctance to accept stricter conditions was demonstrated by the state-owned National Development Company (NDC), which first approached the market early this year but promptly withdrew after it failed to get its specified terms.

NDC, which is the investment arm of the Ministry of Trade and Industry, was negotiating for a $250m, 10-year loan with a margin of 0.875 per cent over the London interbank offered rate (Libor). However, Hong Kong-based lenders offered only $100m with an eight-year maturity and an interest rate of 1 per cent over Libor.

The bankers refused NDC's terms partly because the company is a newcomer in the international market. But more importantly, they are getting more concerned over the country's weak economy. Exports of raw commodities and agricultural products did badly last year.

For the first time in four years, exports dropped in 1981—by 4 per cent to $4.5bn from 1980's $4.7bn. Domestic activity has also been sluggish thanks to a combination of tight credit and weak local demand.

The outcome has been a static economy. Real growth rate last year was 4.9 per cent, just marginally higher than 1980's 4.7 per cent. But even the 4.9 per cent growth reported by the Government was disputed by the International Monetary Fund, which estimated the real growth rate to be only 2.5 per cent.

The Government is currently negotiating with the IMF for a standby credit facility to help it tide over its huge payments deficit. As at the end of this year's first quarter, the overall balance of payments deficit reached $539m, almost equal to the $560m shortfall incurred for the whole of 1981.

Philippine economic planners have been pinning their hopes for a turn-around on a recovery from recession of mapor trading partners in the West, especially the U.S.

Bankers, however, doubt if a global recovery is forthcoming in the short?term. They remain cautious about their exposure to the Philippines, and anxiety is running high over the continuing decline in demand for, and the depressed prices of sugar, coconut oil and copper—the country's major commodity exports.

They are also not hopeful that manufactured exports can sustain their growth indefinitely.

The shortfall in foreign *exchange earnings* has *forced* local debtors to resort to stopgap short-term, but more costly, funds. With outstanding debts—both fixed term and revolving credits—having reached $16bn as at the end of last March, lenders' attention is now turned closely to the country's debt-service ratio.

Last year, debt service ratio reached 19 per cent, quite close *to the self-imposed limit* of 20 per cent. However, the IMF's figure for the Philippines' 1981 debt-service ratio is much higher at 22.6 per cent, since its computation does not consider short-term debts as foreign exchange receipts. The Philippine Government includes short-term loans among its foreign exchange receipts so that its ratio is pulled down.

A foreign banker said that because of the slow inflow of foreign exchange earnings, creditors will not be surprised if some Philippine borrowers ask for their debts to be rescheduled.

Already, Atlas Consolidated Mining and Development, the country's largest copper producer, has paved the way for this move. Atlas' creditors, led by Bank of America and Wardley OTD, have agreed to another four-year grace period for an $80m loan, so that Atlas will resume payments in 1986.

Many foreign banks are near*ing their country's limits* for lending to the Philippines. An American banker says that banks are unwilling to raise the limits precisely because of the country's weakening economy.

Another reason why banks are unwilling to raise their lending limits is their uncertainty over the health of President Ferdinand Marcos.

The latest big syndication obtained by a Philippine borrower, the Central Bank, still carried favourable terms. The $325m loan, which was co-managed by 12 foreign banks, has a 10-year maturity and a spread of 0.625 per cent over Libor for the first three years, rising to 0.75 per cent for the last seven years. However, the participants had difficulty closing the loan because the margin was too low for most banks.

Abanker who was approached by the Central Bank said that some of the participants were finally persuaded to join the syndication because the bank promised them some collateral business. However, some of the banks are still waiting to see the promise fulfilled.

The terms of the $325m Central Bank loan have been made the guideposts of all foreign borrowings during the rest of the year. The bank, which approves all foreign loans, has stipulated that credits guaranteed by the government must have interest spreads that do not exceed by 0.25 per cent the terms of the latest Central Bank loan. Maturities have also been restricted; for loans of more than $3m, the minimum maturity required is eight to 10 years.

# S.A. Breweries taps U.S. banks for $100m credit

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN Breweries, the consumer goods manufacturer and distributor, has raised $100m from a group of seven leading U.S. banks, Mr Selwyn MacFarlane, SAB's financial director, confirmed yesterday.

The credit matches one raised late last year by AECI, the country's largest chemicals producer, as the biggest medium-term foreign borrowing by a private sector South African company.

The credit is for seven years, and carries a spread of 0.75 of a percentage point over the London inter-bank offered rate for the first three years rising to 0.875 of a percentage point for the remaining four.

Seven years is normally the maximum maturity for loans to South Africa, although ESCOM, the electricity utility, recently arranged a small eight-year bond.

The SAB issue was lead managed by Manufacturers Hanover, participants included Chase Manhattan.

Like most other South African loans, no public announcement has been made of the SAB credit. The company is worried that disclosure of the participating banks' identities will embarrass them at a time when U.S. banks in particular are still under some political pressure not to lend to South Africa.

Morgan Guaranty withdrew earlier this year from a $160m credit for black local authorities outside Johannesburg, and U.S. banks have largely confined their South African business to the corporate sector.

The SAB loan is further evidence of the increasing activity of South African borrowers on international capital markets in recent months. Total long-term capital inflows reached a record of R672m ($590m) in the first three months of this year, compared to R357m in the whole of 1981.

The private sector accounted for R340m of the January-March inflow.

The authorities have encouraged offshore borrowing to fund a record current deficit on the balance of payments. In addition, tighter cash flows have prompted many companies to increase their debt commitments.

# Advance at Mitsubishi Heavy

BY YOKO SHIBATA IN TOKYO

MITSUBISHI HEAVY Industries, Japan's largest heavy machinery manufacturer and its 35 consolidated subsidiaries including Mitsubishi Motors, lifted consolidated net profits by 8.1 per cent to Y23.92bn ($94m) in the year ended March.

MHI's consolidated sales rose by 12 per cent to Y3,013.9bn ($11.8bn), mostly as a result of higher sales of products except cars.

Of total turnover, sales of the shipbuilding division accounted for 9.3 per cent (up 42.9 per cent); the engine division 13.9 per cent (up 44.8 per cent); chemical plant 2.6 per cent (up 75.3 per cent); machinery division 8 per cent (up 12.5 per cent); aircraft 5.3 per cent (up 15.9 per cent) and; motor vehicles 47.3 per cent (down 1.9 per cent).

Exports rose 18.3 per cent to account for 37 per cent of the total.

Pre-tax profits jumped by 72 per cent to Y53bn because of a number of favourable factors. These included an exchange gain of Y9.6bn compared with a loss of Y6.8bn, a reduction in interest payments by Y3.8bn to Y25.6bn, and economies of scale because of higher production volume.

A higher corporate tax burden was largely responsible for limiting the rise in net profits to 8 per cent.

Parent company results reported earlier showed a 4 per cent rise in net profits to Y12bn, while sales rose by 27 per cent to Y1,684bn.

The company is forecasting flat group profits for the current year despite a "moderate" increase in sales.

# Record income at Hsin Chong

By Robert Cottrell in Hong Kong

HSIN CHONG HOLDINGS, a Hong Kong property group, has reported record net profits of HK$101.5m (US$17m) for the year ended March. A sharp fall in extraordinary gains, however, leaves total net profits of HK$109.5m, slightly lower than the HK$114.8m achieved a year earlier. Extraordinary gains for the previous year had added HK$73.3m to net profits of HK$41.5m.

Last week, the group's quoted subsidiary, Hsing Chong Properties, reported net profits of HK$82.7m, ahead of the HK$62m forecast made in its December 1980 flotation prospectus.

The Hsin Chong Holdings board proposes a final dividend of 16 cents a share, making 22 cents for the year, which the directors say is equivalent to a 120 per cent increase over the previous year's dividend.

A one-for-five scrip issue is proposed.

# Improved margins boost NTN Toyo Bearing

BY OUR FINANCIAL STAFF

NTN TOYO BEARING, the major Japanese bearing maker, increased consolidated net income for the year to March by 10.6 per cent on a 5.8 per cent rise in sales. The net rose to Y9.79bn ($38m) from Y8.85bn a year earlier. Sales rose to Y219.62bn from Y207.52bn.

Earnings per share eased to Y36.04 on 271.7m outstanding shares from Y37.33 on 237.2m outstanding shares.

The company predicted more modest gains in the current fiscal year. Consolidated net is expected to rise by 2.1 per cent to Y10bn while sales are expected to show a 4.7 per cent increase to Y230bn.

The improved margins in the year just ended reflected gains posted by the company in its unconsolidated results. As previously reported, NTN Toyo's unconsolidated net jumped by 37.3 per cent to Y7.45bn as sales rose by 6.5 per cent to Y189.74bn.

NTN Toyo cited strong sales and production plus cost-cutting moves for the earnings gain. It noted, though, that export sales in the EEC and South-east Asia were little changed from a year earlier although sales in the U.S. rose.

● Mitsui Mining and Smelting Company posted a consolidated net loss of Y4.93bn ($19.5m) in the year ended March, widening sharply from a Y374m loss in the previous fiscal year. Sales dipped by 5.8 per cent to Y286.22bn from Y302.749bn.

Mitsui traced the earnings setback in part to special losses resulting from the company's decision to dismiss 1,160 employees as part of its reconstruction plans. Special retirement allowances paid out amounted to about Y3.7bn.

# Sanyo Electric lifts interim profits 16%

By Our Tokyo Staff

SANYO ELECTRIC, a major integrated electric appliances maker, reported a 16 per cent rise in unconsolidated operating profits to Y23.32bn ($91.5m) for the first half ended May, helped by buoyant sales of video tape recorders in Japan and abroad.

Higher corporate taxes however, limited the growth of unconsolidated net profits to 4.3 per cent or to Y21.28bn on sales ahead by 6.7 per cent to Y369.13bn ($1.45bn).

Sales of VTRs increased by 87 per cent. Audio sales fell 26.3 per cent, however, because an audio equipment recession in overseas markets offset favourable domestic sales. In total, consumer electronics sales rose by 4.4 per cent to account for 53.5 per cent of total turnover.

Sales of electrical household goods were unchanged to account for 28.7 per cent of the total.

Sales of commercial electrical equipment rose by 14 per cent to account for 9.3 per cent of turnover. Sales of paraffin space heaters jumped 138 per cent to account for 4 per cent of the total, thanks to strong exports to the U.S.

Total exports rose by 5.4 per cent to account for 54.4 per cent of turnover.

Sanyo expects some recovery in the second half ending November in exports of cassette tape decks and further growth in sales of VTRs.

Full year pre-tax profits are expected to rise by 9.8 per cent to Y48bn while net profits are expected to reach Y26bn, up 8.6 per cent, on sales of Y830bn, 10.3 per cent. The company said it will consider a dividend rise from Y7 a share last year if these earning targets are achieved.

# Japanese builder ahead

By Our Financial Staff

TAISEI Corporation, Japan's second largest construction company, reported lifted consolidated net profits by 5.7 per cent to Y15.25bn ($60m) from Y14.43bn in the year ended March. Sales rose by 3.2 per cent to Y974.28bn from Y944.19bn.

Earnings per share edged up to Y19.75 from Y18.69.

The net earnings growth reflected a strong performance by the parent company. Parent company net earnings went up by 13.5 per cent to Y11.76bn despite a sales increase of only 3 per cent to Y811.66bn.

The pace of net earnings growth slowed down from 41.8 per cent in fiscal 1980 as a result of sluggish construction activity during the year.

# New chief at Kenning Motor

Mr H. Oxspring has been appointed chairman of KENNING MOTOR GROUP and Mr J. M. Foster, managing director, to fill the vacancy caused by the death of Mr David B. Kenning. Mr G. R. J. Kenning has been elected secretary. Mr Oxspring became assistant company secretary in 1963 and was appointed company secretary in 1965 and director in 1974.

★

Mr Michael Valentine has been appointed a non-executive director of CRODA INTERNATIONAL. Mr Valentine is a senior director of S. G. Warburg and Co.

★

Mr Richard Thompson has been appointed managing director of KONTAK MANUFACTURING COMPANY. Kontak is a wholly owned subsidiary of EIS Group.

★

Dr H. Beric Wright has been made chairman of the BUPA MEDICAL CENTRE. He succeeds Mr Harry Axton who is relinquishing the chairmanship in view of his other commitments.

★

PEAT MARWICK MITCHELL AND CO. has made Mr P. J. R. Evans a partner in its Liverpool office.

★

HALIFAX BUILDING SOCIETY has made deputy chief general managers, Mr N. S. Watson and Mr R. C. Wheway, directors.

★

Dr Tony J. W. Cameron has been appointed chairman of ROBERT H. LOWE, of which he has been chief executive since June. He succeeds Mr J. Robertshaw, who has retired.

★

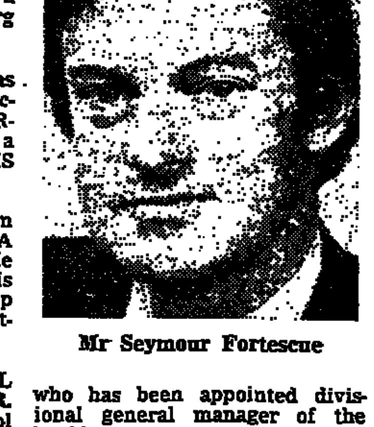
Mr Peter Maitland has been appointed a director of ARBUTHNOT INSURANCE SERVICES and of GOLDING COLLINS.

★

DELTEST SYSTEMS has appointed Mr David Hutchings as a non-executive director. Mr Hutchings is a director of Midland Bank Industrial Finance.

★

Mr Seymour Fortescue has been appointed chief executive of BARCLAYCARD from July 12. He succeeds Mr Trevor Nicholas



Mr Seymour Fortescue

who has been appointed divisional general manager of the bank's management services department.

★

Mr K. G. Robertson has been appointed chairman of the EAST MIDLANDS GAS CONSUMERS' COUNCIL until June 23 1985.

★

Mr Ashley Errington, the London regional manager of SCHRODER LIFE ASSURANCE since January 1978, has been appointed agency manager, broker division from November 1.

★

Mr Eric Machell, has been made financial director of CEMENTATION INTERNATIONAL, a Trafalgar House Company. He was formerly managing director of the Davum Steel Company.

# £4m boiler order for Babcock Power

The Birmingham-based shell boiler division of BABCOCK POWER has won a contract worth nearly £4m to supply coal-fired boilers with associated plant, which will form part of a £14½m combined heat and power station project to be built by the Midlands Electricity Board at Fort Dunlop, Birmingham.

Babcock Power will be providing two of its LS type water tube boilers, fitted with Style 28X travelling grate stokers, each rated at 25MW at 24 Bar. The Babcock Research Centre at Renfrew in Scotland will assist the MEB with some of the thermal design philosophy for the overall plant.

★

A contract worth £2.7m has been awarded to TMC by British Telecom for the supply, installation and commissioning of 140M bit/s digital transmission systems linking London, Birmingham, Manchester and Reading. The contract calls for installation to start in autumn 1983 with completion of the system by early 1984.

Transmission of 1,920 telephone channels or other digitally encoded signals will be possible with the system which will be utilising a number of spare coaxial cable pairs in the 60MHz installation.

★

MECHATHERM ENGINEERING has received orders totalling over £1.5m for contracts to supply furnace equipment at home and overseas. The orders include a complete aluminium remelt shop for Almex, South Africa, a continuous coil spring making plant for the UK, a lift-off cover furnace for Gray Tools, Scotland, a recuperative system for a billet heater at Alcan Benelux, and an homogenizing plant for the aluminium smelter in Bahrain.

★

ST GEORGE'S GROUP'S Scottish subsidiary, based in Edinburgh, has just signed a £1.5m long-term contract with Gleneagles Hotels. The contract covers the three hotels in the group—Gleneagles Hotel, Perthshire; Caledonian Hotel, Edinburgh; and North British Hotel, Edinburgh; and is for a period of five years. St George's Group will provide a comprehensive linen hire, garment and laundry service.

★

FORD AND WESTON (South West) has an award from the City of Gloucester for 82 dwellings at Tuffley, Gloucester, to be constructed in a 70-week period, contract value £1.1m.

★

BOVIS has won a £1.1m contract by the Yorkshire Water Authority to construct a new pumping station, tunnel and outfall at Gilberdyke.

The Dover District Council has also awarded a £540,000 coast protection contract to Bovis at the village of Kingsdown, 5 km south of Deal.

★

BESTOBELL INSULATION'S projects division has won a £1m order from Babcock Power to insulate the draught plant of the number four boiler which is the first unit of the three-unit Drax completion project near Selby in Yorkshire. Work starts on October 1 and the contract period is 10 months.

★

MORE WORK for WIMPEY in June involves a £2.3m office block for the South Western Electricity Board in Trevenson Lane, Pool, Camborne, Cornwall. This will have a floor area of about 4,500 square metres with a ground floor of reinforced concrete slab and a reinforced concrete troughed first floor—it will be steel framed from the first floor upwards.

Jobs for the company's Bristol office include a £1.26m scheme for the Electricity Supply Nominees of Millbank, London, comprising a two storey office block on the Aztec West development at Almondesbury, near Bristol.

The Leeds office has a £246,000 refurbishment project from the City of York Council for 32 flats in Burdyke Avenue, York.

# Keppel Shipyard expects slower earnings growth

KEPPEL SHIPYARD, Singapore's biggest ship repair company, expects a slump in ship repair activity and a decrease in oil rig orders to hold 1982 pre-tax profit growth to 10 per cent or less, AP-DJ reports from Singapore.

In 1981, pre-tax profits jumped by 47 per cent to a record S$153m (U.S.$71m).

Keppel also builds ships and oil rigs, but ship repairing provided 73 per cent of its 1981 profit. The company is 71 per cent owned by the Singapore Government.

Mr Chua Chor Teck, the managing director, said that although first-half results were slightly higher than a year earlier, he expected a deterioration in the second half. The forecast was "fairly gloomy for at least the next six months," he said.

Keppel is expected to release first-half figures around the end of this month. The company's first-half pre-tax profit last year was S$61m.

Mr Tay Kim Kah, the financial controller, said Keppel's pre-tax profits would rise "by at most 10 per cent" for 1982. Other forecasts are less optimistic. James Capel and Company, a London-based stock analysts, said in a report that Keppel would achieve "marginal growth." the company's after-tax profit is projected in the report to rise by only 3 per cent to S$90m.

Keppel, which was listed on the London Stock Exchange last month, recently set up a bank in the Cayman Islands which will have a range of commercial services. Mr Tay said the bank could be used to finance Keppel's customers and it may also participate in syndicated loans. Last year, Keppel entered the money-broking business in Singapore in a joint venture with a Japanese company. In addition, the group owns a finance company which provides a range of financial services.

A Keppel analyst estimates that the group's financial services could provide up to 40 per cent of group profits by the end of the decade.

# THE PROPERTY MARKET BY ANDREW TAYLOR

## New threat to GLC planning powers

THE Environment Department is seriously considering proposals which would remove many of the remaining planning powers of the Greater London Council. Planning responsibility would be left largely in the hands of the London boroughs.

Draft regulations prepared by the Conservative-controlled London Boroughs Association and currently being studied by the Environment Department would abolish almost all the GLC's powers to determine planning applications for major commercial schemes in London.

At present, the GLC has the right to determine planning applications for all office buildings over 30,000 sq ft. It may also direct London boroughs to refuse applications when these conflict with the approved structure plan for London. These powers would vanish if the London boroughs get their way.

The proposals would bring the GLC into line with other metropolitan and county authorities which had their planning powers substantially reduced by the 1980 Local Government Planning and Land Act. This transferred much of the responsibility for planning decisions from the counties to the second-tier district councils. The GLC and the London boroughs were, however, excluded from the Act.

Under the proposed scheme, the GLC would be left with few powers. Instead of being able to determine applications which conflict with the approved structure plan the GLC would only have to be consulted by the London boroughs. The GLC would have to respond to these approaches within 28 days and it would be left to the individual London boroughs to determine whether, in fact, a scheme did fall outside the scope of the Greater London District Plan.

Residual powers left with the GLC would include the right to determine applications affecting mineral extraction, waste disposal facilities and airport and air passenger facilities. The GLC would also be able to determine applications on certain types of proposed developments within "50 metres of the centre of a Category A metropolitan road."

The latest proposals have been made at a time when the Government is generally considering the future for the GLC and even if there is really a need for a centralised strategic authority for the capital.

The Labour-controlled GLC says that the issue transcends political differences over which direction planning policies should take. It believes that the GLC should have a major say on key planning matters which affect the capital as a whole and not just individual boroughs. It says that its ability to take and police decisions would be removed if the new planning procedures were adopted.

## Unit trusts feel the pinch

THERE HAS been a sharp drop in purchases of British based property unit trusts by pension funds and the industry is clearly going through a difficult period following the record sales achieved last summer.

According to property unit trust managers, some pension funds appear to be switching out of property unit trusts to concentrate on direct investment in commercial property.

The response of institutions to new issues of units has been frankly disappointing during the first two quarters of this year. The June issue by Fleming Property Unit Trust, for example, raised only £800,000 compared with the record £13.8m Fleming raised in the some month a year ago.

Several institutions also appear to have been reducing their existing holdings of property unit trusts. Pension Fund Property Unit Trust, in its annual report published last week, revealed that last year the fund spent £5.1m more on repurchasing existing units than it raised from new issues.

Fleming, which requires six months' notice of repurchases, which can be made only twice a year, says it has had no recent redemptions but is aware that some institutions have sold its units independently of other funds.

Lazard Property Unit Trust has also been having a more difficult time. Sales of new issues in March and June this year each raised around £1.26m compared with sales of £6.55m and £7.06m in the corresponding months in 1981.

Lazard also saw an increase in the level of redemptions earlier this year. In March redemptions totalled £2.67m while there was also a negative cash flow in December when redemptions totalled £2.4m compared with £1.5m raised from the December new issue of units.

Mr Peter Archer, surveyor to Lazard Property Unit Trust, said that the redemptions had largely reflected one or two special situations and that redemptions in June had been only £4,126.

Nonetheless it is a worrying time for property unit trust managers, who are concerned that in a difficult market some of the trusts' traditional customers may be looking for direct property investment at the expense of new unit trust business. Mr Archer stresses the performance of property unit trusts, which, he says "have generally outperformed direct investment into property over the past five years."

**THE NATIONAL BANK of Australasia has bid successfully for the second stage of Quantas Airways' International Square development in Sydney. In tendered a lump sum premium of A$18m (£10.1m) for the 125-year ground lease. At the same time the bank has taken a 15-year lease on around 190,000 sq ft of offices in the adjoining 42-storey Qantas International Centre, which is now nearing completion.**

**The bank is acting on behalf of its new parent, National Commercial Banking Corporation, which will be formed as a result of its merger with the Bank of CBC.**

**● A rare event in the City of London comes up shortly with the offer for sale of three prime freeholds. Following the recent opening of its newly built London headquarters at 24 Lombard Street, the Royal Bank of Scotland is to sell offices at Lombard Street, Birchin Lane and Bishopsgate.**

***Agents Drivers Jonas* expect the properties to realise over £10m. All three are regarded as substantial refurbishment, or reconstruction prospects.**

**● City of London office space availability declined last month, to 2.38m sq ft, for the first time since July last year, say Richard Saunders and Partners in their June 1982 City Floorspace Summary. They will be watching to see if this is the beginning of a trend, or part of a normal seasonal pattern.**

**The summary also notes that space fell on the City fringe, now standing at 4.06m sq ft, and that space let last month at 174,000 sq ft was the highest figure since last November.**

**● A letting of almost 12,000 sq ft at 8-9 Buckingham Gate, *opposite Buckingham Palace*, is understood to have approached the rent of £165,000 asked for by Cluttons and Richard Ellis, agents for the landlords, the Crown Estate Commissioners. Bernard Thorpe acted for the new tenants, the Association of District Councils.**

**● Rates on 16 prime industrial locations show an average increase of 13 per cent for the current rating year, while rent increases are on average well below inflation at 3 per cent compared with 10 per cent last year, say Debenham Tewson and Chinnocks in their new survey on Industrial Rents and Rates 1973-1982.**

**Rises in rates vary from only 1 per cent in Heathrow to 32 per cent in Luton. Comments Debenham Tewson Partner Frank Eul: "Tenants who do not have a very narrow location requirement are now much more attuned than previously to 'shopping around' to get the best value-for-money package that they can."**

**● Richard Ellis's disposal of the National Building Agency's lease at 7, Arundel Street, Londoon, WC2 offers, they say, an opportunity for a party to acquire a lease and have a fixed rent for a 21-year period. The lease on the building expires in December 2007 and has a single rent review in December 1986.**

## Yields softening in U.S. market

U.S. PROPERTY yields are softening and look set to continue to do so over the next few months. Oversupply and institutional concern over short term rental growth has hit the investment market while developers are suffering from high interest rates, falling tenant demand and an ultra-conservative approach to construction finance from the specialised banks.

Recent visitors to the U.S. property scene see a range of *short-term possibilities*: At one end of the range, an extension of existing problems caused by a banking liquidity crisis which could precipitate a crash of 1974 UK dimensions. At the other the rising U.S. institutional commitment to long-term property investment which could underwrite attractive buying opportunities in a matter of months.

In a downbeat "first" of a series of regular reports on the U.S. property market, Erdman Rubloff International, the association of Edward Erdman in London and Arthur Rubloff and Company in Atlanta, Georgia, grasp the American nettle with the implication that the short-term sting could have long-term rewards.

They say flatly that the early months of 1982 have seen a progressive softening in the investment market, and that yields are getting softer by the month. Their estimate of prime investment yields for medium-sized, new, rack-rented property are 9½ to 10 per cent for offices, 11 to 12 per cent for industrials and 10½ to 11½ per cent for commercial centres.

For offices the 1970s picture of undersupply is being replaced by a negotiated balance moving in favour of tenants. One example is in Washington where an estimated 14m sq ft scheduled for completion over the next three to four years outweighs a take-up rate currently running at 2m sq ft a year.

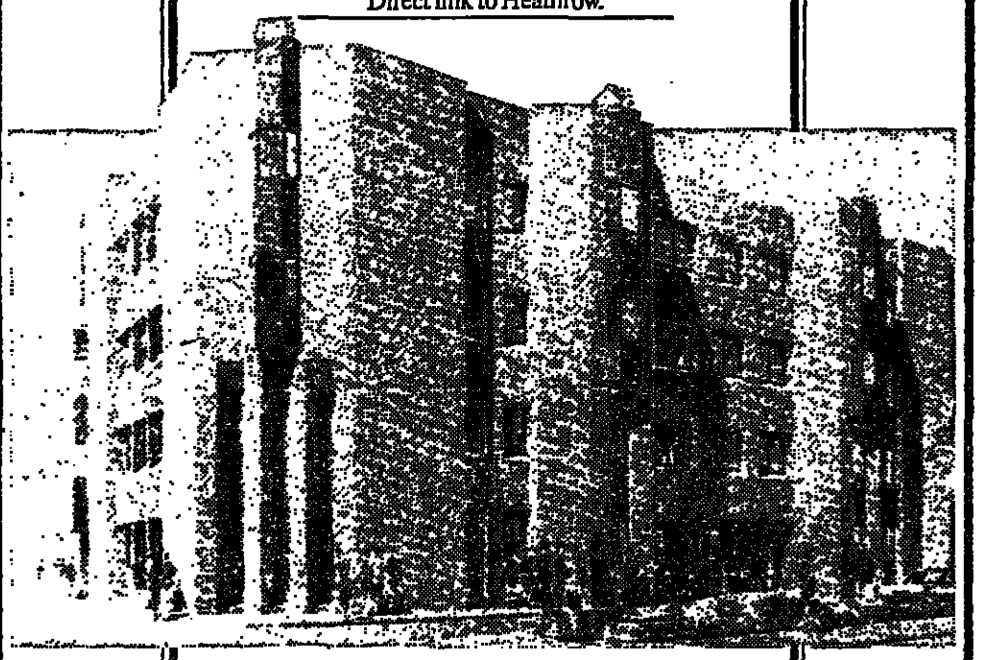
*Industrial* experience reflects the UK recessive pattern; meanwhile Erdman Rubloff detects two distinct trends, with major industrial schemes tending to be restricted to owner occupiers while speculative developments, they say, generaly provide small areas in buildings which often incorporate either substantial office areas or concepts aimed at high technology users.

Retailing, as always, is a mixture but this time with more downs than ups. This appears to be borne out in the report which talks about reduced demand from anchor tenants and a tendency for saturation to occur in suburban areas.

The upshot could be declining values in many areas. The brave decision—and not necessarily foolhardy, given the level of yields, and the time horizon of potential investors— will be the one which senses the bottom of the market.

WILLIAM COCHRANE





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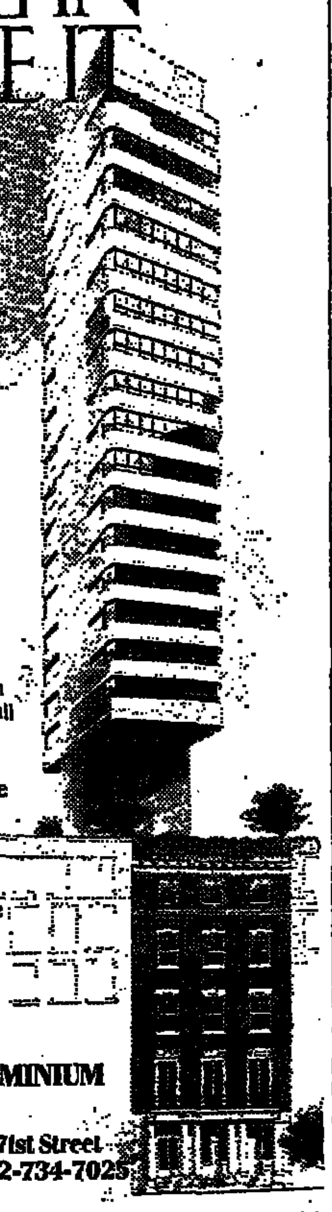

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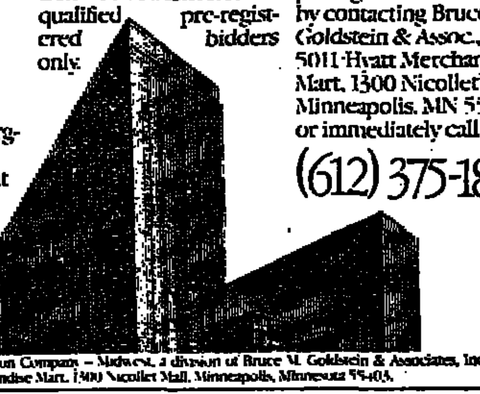

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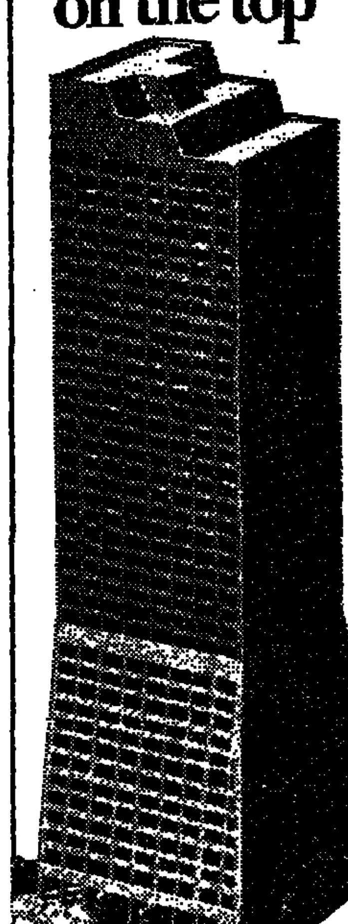

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# COMMODITIES AND AGRICULTURE

## Russia may buy less sugar

By Our Commodities Staff

SOVIET sugar imports from the free market could fall to an average of 3.7m tonnes per year for the remaining years of the 1980-85 five year plan according to Mr Helmut Ahfled of sugar market analysts F. O. Licht, speaking in London yesterday.

Addressing a conference on the Soviet Union and the world's commodity markets, Mr Ahfled said that this figure, down 1.2m on the estimated imports for 1981, could mean that short of disasters to the Cuban crop Russian demand for free market supplies would be small.

Production of beet sugar in the Soviet Union was estimated as ranging from 7.7 to 9.8m tonnes, white value, over the next four years. Consumption was forecast as reaching 12.3m tonnes by 1985.

## Call for end to palm oil export ban

KUALA LUMPUR — Malaysian oil palm growers in the peninsular states will ask the government to lift a three-month export ban on Crude Palm Oil (CPO) imposed in late April.

The president of the West Malaysian Oil Palm Growers Association (WMOPGA), J. C. Chang, said a memorandum will be submitted to the government which will also ask for the removal of other restrictions, like the selective granting of refinery licences.

He said the restrictions hinder the development of a free-trade system, tended to encourage inefficiency among oil-palm refiners and were detrimental to oil palm growers, particularly the medium-scale operator.

Deputy trade and industry minister Shahrir Abdul Samad said in announcing the ban—confined to the Peninsular states—that it was necessary, to meet shortages faced by the local refiners.

Reuter

## UK poultry ban 'illegal' says top EEC lawyer

BY LARRY KLINGER IN BRUSSELS

BRITAIN'S emergency health regulations that have resulted in an effective ban on poultry imports from much of the EEC, particularly France, have been declared illegal in an advocate-general's opinion handed down at the European Court in Luxembourg.

Advocate-General Sig Francesco Capotorti says that the British measures were "inseparably connected with preventing imports", and constituted both "arbitrary discrimination" and "a disguised restrictionon trade" in breach of European Community law."

While the Court itself is yet to hand down its formal judgment, a ruling which is now expected next week, an advocate-general's opinion is more often than not endorsed without significant change.

British officials in London, while expressing disappointment that their defense appeared in danger of being rejected, said they were still awaiting receipt of Sig Capotorti's opinion and therefore could not comment in any detail.

The European Commission, following complaints from several EEC member-states that the measures were unnecessary on health grounds and designed simply to protect UK farmers from cheaper imports, went to the Court in November after Britain refused to remove the ban.

Following widespread protests by British farm workers claiming that their jobs were being endangered by an expected surge of unfairly subsidised turkey exports from France, Britain reintroduced in September a compulsory slaughter policy to deal with any future outbreaks of Newcastle disease, a viral infection more generally known as fowl-pest.

Imports were only to be accepted from countries which were free of the disease and operated a slaughter policy, a move which banned imports from countries using the widespread vaccination system.

Sig Capotorti said that the ban affected seven EEC countries and interrupted a flow of exports from France alone which were worth an estimated 4.8m ECUs at 1980 rates (about £2.7m at current rates).

However, the measures were not justified on health grounds. Even the UK Review Panel set up after an epidemic in 1970-71 had found that vaccination was the essential ingredient in effective control. The UK was also unable to show that there were any signs of another impending epidemic, nor could it spell out in detail the likely effects a new outbreak would have under current arrangements.

The restrictions on intra-Community trade, Sig Capotorti said, "were in no sense necessary, but rather were excessive with respect to the desired result, which was to ensure the success of the system intended."

Britain had flouted the "principle of proportionality," which, one legal expert said yesterday, was another way of saying that the UK was effectively using a sledgehammer to crack an egg.

## U.S. loses Soviet grain sales

BY NANCY DUNNE IN WASHINGTON

WITH the U.S. Government worried about finding storage facilities for surplus grains and another bumper crop on the way, American agriculture officials in Moscow have released a report illustrating the drastic decline of the American share of the Soviet agriculture import market.

Before the 1980 embargo imposed by President Jimmy Carter, U.S. grains composed 68.6 per cent of USSR imports. Last year that figure dropped to 22.9 per cent while the Canadian and Argentine shares rose dramatically.

From a 6.4 per cent share of the Soviet grains market in 1979, the Argentines had captured 35.6 per cent of the market last year. Canada's share rose from 13.4 per cent in 1979 to 23.7 per cent in 1981.

The U.S. Department of Agriculture expects to sell almost $3bn-worth of grain to the Soviets this year. More than in 1979, but still a decreased portion of the market.

However, it is being reported here that the incoming secretary of state, Mr George Shultz, is strongly in favour of negotiating a new long-term agreement on grains between the two superpowers.

Mr Shultz, who was instrumental in negotiating the first LTA in the mid-1970s, has reportedly told Senator Larry Pressler that he is much more favourable than Alexander Haig towards a new pact. He is said to have suggested two separate systems for trading with the Communist nations—one for the Soviets and one for the satelites.

In London meanwhile, Soviet grain imports were forecast to continue heavy during the 1980s by International Wheat Council (IWC) executive secretary Jean Parotte. But he said they would probably be lower than in the last two years.

He told a conference on the USSR and the world commodity markets that Soviet stocks must have been drawn down substantially in the last two to three years and would need replenishing.

The rapid upward trend in Soviet grain imports in the 1970s would almost certainly slow down, however, since there was bound to be some improvement in Soviet productivity, Mr Parotte said.

## Coffee export quotas cut again

By Our Commodities Staff

THE International Coffee Organisation (ICO) yesterday ordered the second cut this year in export quotas for its producer members. The 1m bag cut reduces to 13.2m bags the total exports under the ICO quota scheme for the July-September period of this year, and to 55.2m bags the 1981/2 annual total.

ICO officials ordered the cut after the organisation's 15-day average price fell below the 120 cents per pound level set by its council. A similar cut was made in the previous quarter and officials say that if the 15-day average price falls below $1.15 per pound later this month then a further cut in exports would be made.

The ICO indicator price yesterday stood at 119.99 cents per pound.

World coffee prices firmed on this news with the September position on the London futures market reaching £1,130 per tonne at one point. In later trading, however, the price fell back to close at £1,107.5 per tonne, down £3 on the previous day's level.

## India rubber import curb sought

NEW DELHI — Members of the Indian Rubber Growers' Association have asked Commerce Minister Shivraj Patil to ensure that rubber imports in 1982/83 (April/March) should not exceed the targetted 30,000 tonnes.

The Association's secretary, Mr Joseph Monippally said imports beyond this amount would depress domestic prices and hit growers.

Expected domestic output of 176,000 tonnes in the current year could meet the present needs of rubber industries, he added.

FARMER'S VIEWPOINT

## Young talent stifled

WITH THE death last week of Tom Parker, Hampshire has lost one of its best and most colourful characters. He was 86 and his farming, which started just after the 1921 slump, saw him survive the whole of the inter-war period, and build up a spectacularly successful farming business.

His success was founded on a thorough grounding in practical farming—he was under-ploughman to his father—natural shrewdness and a capacity for taking immense pains with his farming and, as he was always ready to admit, the good fortune to have been in the right place at the right time.

It's worth examining how it was possible for him and many others to become so well established, when to-day entry into farming has been termed impossible for all but the favoured few. Even so, the farming colleges are turning out masses of young people who have no possible chance of ever farming in their own right.

The reason for the comparative ease of starting farming in the inter-war years was that few other people had the inclination to embark on a career in an industry of which parts such as cereal growing, were almost bankrupt, and the remainder not much better. There were farms to rent, in some areas rent free; there were also farms to buy and money was cheap. Traditional arable farming, except on the very best of land, was a certain recipe for loss and those who succeeded in those areas milked cows, fed on imported grain.

Death duties had forced the breakup of many estates and this too let in young farmers who had no other assets than confidence and a strong back. Intelligent farmers' sons went into banks or the professions.

You didn't even need a great deal of money to get started then. Banks were always very cautious lenders and there are still tales of some of the most successful farming tycoons of the period, who changed banks because they had been denied an overdraft of £100 or so. Some farmers I knew in those days would have had the greatest difficulty in covering their liabilities with their assets the banks used to demand were often an exercise in imaginary statistics.

Bankers used to set a great store by what they saw as character, both of the farmer and his wife. One well known country manager used to judge a man's survival by the home-making and hard working qualities of his wife. No extension of credit was ever granted until he had been there to tea, so as to be able to make his judgments on the spot.

This was carried to extraordinary lengths. I even heard of one girl who blighted her husband's chances of expansion capital because she bought the household's bread instead of baking it herself.

But although times were hard and it was impossible to see a successful financial ending to any farming year, it was a very enjoyable time to be farming. Some went to the wall, but these were largely I fear the original landowners and farmers who could not adapt their systems to the economics of the day.

Not that we called them economics. Nor did we indulge in the modern jargons of accountancy. I never heard the term cash flow — there was so little of it to flow anyway. The terms of money were real indeed whatever the state of inflation or deflation. Income tax was assessed on an acreage basis. Budgeting was something best forgotten as one surviving farmer told me, because every single farming operation if costed out showed a loss. Its true, it did!

What are the young man's chances of following in Tom Parker's footsteps today. Absolutely nil — unless his father or a near relative has a farm which he can pass over to him free of too much Capital Transfer tax. Even having a goodly competence would not be sufficient to stock a farm. The cost of live and deadstock means that to start from scratch could require anything up to £1,000 an acre of tenant's capital.

Decent workable arable land costs from £1,500 to £2,000 or more an acre. British land is now the most expensive in Europe, and probably in the world, as it is the only country where there is an absolutely free market in land together with guaranteed output prices. Institutional and other investors have determined that it is the safest hedge against inflation, now that gold is on the slide.

Some critics say that the security given to tenants and their families is fossilising the structure of farming. But if this were to be abolished it would still leave the occupation of land to those with the longest purse, probably the institutions, or the very rich.

If these critics sincerely wish to open the farming ladder to worthy young entrants they should clamour for a doubling of CTT without any chance of evasion and for withdrawal from the EEC. This would bring prices down to world levels and repeat the situation in 1921 when the government of the day, a Conservative/Liberal one, pulled the rug from under the industry. It is, I think, the only answer.

**John Cherrington**

## Chinese demand lifts copper

CHINESE copper purchases over recent weeks were believed to have totalled around 50,000 tonnes, according to London traders, with possibly around 20,000 tonnes of this due to be shipped from London Metal Exchange warehouses later this month.

Overseas reports that further large tonnages, up to 150,000 tonnes, are still required by China could not be confirmed.

This is the first time in three or four years that China has been in the market for such large amounts and it comes during a very slack period of industrial demand when extensive cutbacks by North American producers have failed to make any significant impact

The Chinese purchases have helped LME prices to rally over recent days. Yesterday cash copper closed up £11 at £796.5

## LONDON OIL SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 31.60-32.10 | —0.05 |
| Iranian Light | 31.00-31.30 | —0.22 |
| Arabian Heavy | 29.50-29.75 | +0.05 |
| North Sea (Forties) | 35.40-35.75 | — |
| African (Bonny Li'ht) | 34.25-34.70 | +0.05 |
| PRODUCTS—North West Europe CIF ($ per tonne) | | |
| Premium gasoline | 348-345 | — |
| Gas oil | 269-277 | —1.5 |
| Heavy fuel oil | 164-169 | —1.5 |

## GAS OIL FUTURES

Little movement was seen as many traders awaited lower levels, reports Premier Man.

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| July | 274.50 | —1.50 | 275.50-74.25 |
| August | 279.00 | —0.50 | 280.00-78.00 |
| Sept. | 280.00 | —0.50 | 280.75-79.00 |
| Oct. | 283.00 | —0.50 | 284.00-82.50 |
| Nov | 284.50 | —1.50 | 284.50 |
| Dec | 286.00 | —0.50 | 286.50-85.75 |
| Jan | 288.00 | —1.00 | 288.00 |
| Feb | 290.00 | —2.50 | 290.00 |
| March | 291.00 | —4.00 | 291.00 |

Turnover: 1,047 (1,185) lots of 100 tonnes.

## GOLD MARKETS

Gold rose $7½ to $314-315 in the London bullion market yesterday. It opened at $310-311, and was fixed at $310.85 in the morning, and $313.50 in the afternoon. The metal fell to a low of $309¾-310¼, and touched a peak of $314¼-315.

In Paris the 12½ kilo gold bar was fixed at FFr 68,900 per kilo ($307.77 per ounce) in the afternoon, compared with FFr 68,900 ($307.25) in the morning, and FFr 68,250 ($304.58) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 22,200 per kilo ($312.28 per ounce), against DM 24,965 ($308.75), and closed at $313½-314½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $310.30 per ounce.

In Zurich gold finished at $313½-314.

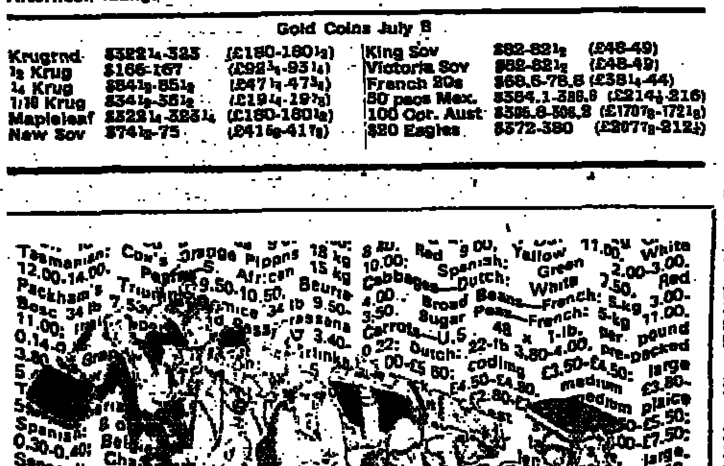
## LONDON FUTURES

| Month | Yest'rday's close | + or — | Business Done |
|---|---|---|---|
| | £ per troy ounce | | |
| August | 185.00-5.50 | +3.350 | 185.40-2.55 |
| Sept'mb'r | 186.50-6.70 | +3.350 | — |
| October | 187.50-8.30 | +2.875 | 188.40-6.80 |
| November | 189.35-9.90 | +3.025 | 189.55-9.88 |
| December | 191.10-1.50 | +2.950 | 191.25-89.0 |
| January | 192.00-2.70 | +2.250 | 192.70-1.40 |

Turnover: 419 (323) lots of 100 troy ounces.

| | July 8 | | July 7 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $314-315 | (£183½-184) | $306½-307½ | (£181½-182) |
| Opening | $310-311 | (£181-181½) | $307-308 | (£181½-182) |
| Morning fixing | $310.85 | (£181.485) | $307.40 | (£179.956) |
| Afternoon fixing | $313.50 | (£183.151) | $306.75 | (£179.491) |

| Gold Coins July 8 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $322¼-323 | (£180-180½) | King Sov | $82-82½ | (£48-49) |
| ½ Krug | $166-167 | (£92¾-93¼) | Victoria Sov | $82-82½ | (£48-49) |
| ¼ Krug | $84½-85½ | (£47¼-47¾) | French 20s | $68.5-78.5 | (£38¼-44) |
| 1/10 Krug | $34½-35½ | (£19¼-19⅞) | 50 pesos Mex. | $384.1-388.9 | (£214½-216) |
| Mapleleaf | $322¼-323¼ | (£180-180½) | 100 Cor. Aust | $305.9-308.2 | (£170⅞-172⅛) |
| New Sov | $74½-75 | (£41⅝-41⅞) | $20 Eagles | $372-380 | (£207⅞-212½) |





## BRITISH COMMODITY MARKET

### BASE METALS

Base metal prices gained further ground on the London Metal Exchange. Copper touched £816, boosted by short covering and the initial strength of Comex, before profit-taking pared the price to £807.5 at the close. Lead was finally £330, after £334.5 and Zinc £421.5, after £424, the latter following another U.S. producer price rise to 40 cents. Aluminium closed at £572 £3,010 respectively while Tin traded quietly prior to ending at £6,780.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| HighGrde | | | | |
| Cash | 792-4 | +8.5 | 796-7 | +11 |
| 3 mths | 809-10 | +4.75 | 812.5-3 | +9 |
| Settlem't | 794 | +7 | — | ..... |
| Cathodes | | | | |
| Cash | 777-9 | +4.5 | 780-2 | +8 |
| 3 months | 795-7 | +5.25 | 798-800 | +6 |
| Settlem't | 779 | +5 | — | ..... |
| U.S. Prod. | — | — | *68-70-75 | ..... |

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £800.00, 795.00, 94.00, 93.00, 94.00; three months £814.00, 12.00, 13.00, 14.00, 15.00, 14.00, 13.00, 13.50, 14.00, 13.00, 13.50, 13.00, 10.00, 09.00, 08.00, 09.00. Kerb: Higher grade: Three months £809.00, 10.00, 10.50, 10.00, 09.50, 10.00. Afternoon: Higher grade, three months £815.00, 14.00, 13.00, 12.50, 12.00, 12.50, 13.00, 12.50, 12.00, 13.00, 12.50. Kerb: Higher grade three months £810.00, 08.50, 08.00, 07.00, 08.00, 08.50, 08.00, 07.50, 08.00, 09.00, 08.00, 08.50, 08.00, 08.00, 07.50. Turnover 3,8300 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6670-5 | +15 | 6660-75 | —12.5 |
| 3 months | 6795-800 | —7.5 | 6790-800 | —35 |
| Settlem't | 6675 | +15 | — | ..... |
| Standard | | | | |
| Cash | 6670-5 | +15 | 6660-75 | —12.5 |
| 3 months | 6795-800 | +12.5 | 6790-800 | —12.5 |
| Settlem't | 6675 | +15 | — | ..... |
| Straits E. | $29.15 | — | — | ..... |
| NewYork | — | ..... | | |

Tin—Morning: Standard, cash £6675, 70, 65; three months £6805, 68.00, 67.90, 95, 68.00. Afternoon: Standard, three months £6800. Turnover: 3,890 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 317.5-8.5 | +5.25 | 322.5-3.5 | +3.5 |
| 3 months | 329-.5 | +8 | 333.5-4 | +8.25 |
| Settlem't | 318.5 | +5.5 | — | ..... |
| U.S. Spot | — | ..... | *25-8 | ..... |

Lead—Morning: Cash £316.50, 18.00; three months £331.00, 30.50, 31.00, 29.00, 29.50, 29.00. Kerb: Three months £331.00, 32.00. Afternoon: Three months £334.00, 33.00, 33.50, 34.00, 34.50, 34.00, 33.00, 34.00, 33.50, 33.25, 33.50, 34.00, 33.50. Kerb: Three months £333.00, 32.00, 31.00, 31.50. Turnover: 16,125 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 414-.5 | +2.75 | 418.5-9.5 | +1.5 |
| 3 months | 417.5-8 | +3.25 | 422.5-3 | +10.2 |
| S'ment | 414.5 | +2.5 | — | ..... |
| Primw'ts | — | ..... | 35-7.5 | ..... |

Zinc—Morning: Cash £414.00; three months £420.00, 19.50, 18.00. Kerb: Three months £416.00, 19.00. Afternoon: Three months £423.00, 24.00, 23.00, 23.50, 23.00, 22.00, 22.50, 23.00, 23.25, 23.00, 22.75, 23.00. Kerb: Three months £422.00, 21.00, 22.00, 22.50, 23.00, 22.50, 23.00, 22.00. Turnover: 12,250 tonnes.

| Aluminm | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 553-5 | +5 | 552-3 | +6 |
| 3 months | 572-.5 | +3.75 | 571-2 | +6 |

Aluminium—Morning: Three months £574.00, 72.00, 72.50, 73.00, 73.50, 74.00, 73.50, 73.00, 72.00. Kerb: Three months £572.00, 71.00, 71.50, 72.00. Afternoon: Three months £573.50, 73.00, 72.50, 72.00. Kerb: Three months £571.00, 71.50, 72.00, 73.00; 72.00. Turnover: 10,575 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 3005-20 | +15 | 3015-25 | +10 |
| 3 months | 3000-15 | +7.5 | 3005-20 | +17.5 |

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3015. Afternoon: Three months £3010, 16. Turnover: 246 tonnes.

### SILVER

Silver was fixed 11.35p an ounce higher for spot delivery in the London bullion market yesterday at 335.1p. U.S. cent equivalents of the fixing levels were: spot 573.5c, up 20.4c; three-month 594.9c, up 20.4c; six-month 616.2m, up 20.4c; and 12-month 660.8c, up 20.2c. The metal opened at 332-335p (568-572c) and closed at 346-349p (592-596c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 335.10p | +11.5 | 343.7p | +18.9 |
| 3 months | 344.80p | +11.5 | 353.5p | +19.2 |
| 6 months | 354.05p | +11.1 | — | ..... |
| 12months | 374.80p | +10.8 | — | ..... |

LME—Turnover: 191 (112) lots of 10,000 ozs. Morning: Three months 345.0, 44.8, 44.9. Kerb: Three months 345.5. Afternoon: Three months 355.0, 54.0, 53.5. Kerb: Three months 353.5, 55.0, 56.0, 53.5, 53.0, 53.5.

### COCOA

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 882-83 | —22.0 | 892-81 |
| Sept | 919-20 | —23.0 | 934-17 |
| Dec | 960-61 | —22.5 | 972-58 |
| March | 996-97 | —20.0 | 1006-994 |
| May | 1019-20 | —16.0 | 1022-18 |
| July | 1039-41 | —16.0 | — |
| Sept | 1058-59 | —18.5 | 1060-59 |

Sales: 1,927 (1,796) lots of 10 tonnes.

ICCO—Daily price for July 8: 72.04 (74.10). Indicator price for July 9: 73.57 (73.82).

### COFFEE

Continued short covering raised prices during a steady opening, reports Drexel Burnham Lambert. The expected ICO quota reduction had a short-lived impact which was dampened by dealer profit-taking.

| COFFEE | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| July | 1258-59 | +13.0 | 1260-30 |
| Sept | 1107-08 | —3.0 | 1130-05 |
| Nov. | 1019-20 | —9.5 | 1050-20 |
| January | 988-91 | —9.5 | 1018-88 |
| March | 965-70 | —10.5 | 998-70 |
| May | 935-38 | —12.5 | 965-40 |
| July | 922-25 | —10.0 | 955-50 |

Sales: 3,272 (2,573) lots of 5 tonnes.

ICO Indicator prices for July 7: U.S. cents per pound: Comp daily 1979 117.41 (118.28): 15-day average 119.99 (120.19).

### GRAINS

Wheat saw some early shortcoverin gat the opening but general liquidations and profit-taking eased prices. Any attempts to rally were soon squashed as sellers pushed he market back. Barley started slightly higher but eased in quiet trading, Acli reports.

| Mnth | WHEAT Yesterd'ys close | + or — | BARLEY Yest'rd'ys close | + or — |
|---|---|---|---|---|
| Sept. | 110.40 | —0.85 | 104.45 | —0.50 |
| Nov. | 113.85 | —1.00 | 108.30 | —0.80 |
| Jan. | 117.65 | —1.00 | 111.70 | —0.55 |
| Mar. | 121.05 | —1.00 | 114.85 | —0.65 |
| May | 124.50 | —1.00 | 118.15 | —0.55 |

Business done—Wheat: Sept 111.40-110.40, Nov 115.05-113.85, Jan 118.85-117.65, March 122.20-121.05, May 125.55-124.50. Sales: 515 lots of 100 tonnes. Barley: Sept 104.95-104.45, Nov 108.50-108.30, Jan 112.30-111.85, March 115.55-114.85, May 118.75-118.25. Sales: 114 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Aug 111.50, Sept 110.55, Oct 111.25 transhipment East Coast sellers. English Feed fob Sept 114 East Coast. Nov 118.50 Bristol Channel sellers. Maize: French July 136.00 sellers transhipment South Coast. S. African White/Yellow July/Aug 86.00 seller. Barley: English Feed fob July/Aug 104.75 East Coast seller. Rest unquoted.

### RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded an August fob price for No 1 RSS in Kuala Lumpur of 202.5 (same) cents a kg and SMR 20 174.0 (same).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Aug | 49.20-49.50 | 49.30-49.40 | — |
| Sept | 50.00-50.10 | 49.50-50.10 | — |
| Oct-Dec | 51.60-50.60 | 51.90-52.10 | 51.90-51.20 |
| Jan-Mar | 54.50-54.60 | 54.70-54.80 | 54.70-54.20 |
| Apl-Jne | 57.30-57.40 | 57.40-57.50 | 57.40 |
| Jly-Sept | 60.10-60.20 | 60.20-60.30 | 59.80 |
| Oct-Dec | 62.90-63.00 | 62.90-63.00 | — |
| J'n-Mch | 65.00-65.30 | 65.30-65.50 | — |
| Apl-Jne | 67.50-68.00 | 67.80-68.00 | — |

Sales: 89 (186) lots of 15 tonnes. nil (18) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 48.50p (same); Aug 51.25p (51.50p); 51.25p Sept 51.25p (51.50p).

### SOYABEAN MEAL

The market opened slightly higher in nearby months and easier in distants, reports T. G. Roddick. Short-covering and commercial interest in near positions kept prices steady.

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| August | 126.00-26.7 | +1.15 | 126.50-25.80 |
| October | 128.20-28.5 | +0.80 | 128.20-28.00 |
| Dec. | 132.50-32.8 | — | 132.70-32.40 |
| Feb | 135.50-36.0 | —0.40 | — |
| April | 136.00-37.5 | —0.25 | — |

Sales: 76 (64) lots of 100 tonnes.

SOYABEAN OIL—The market opened mixed and improved slightly in quiet trade. Closing prices and business done (U.S. $ per tonne): Aug 482.50, 485.50, untraded; Oct 492.50, 483.00, untraded: Dec 483.00, 484.00, 484.00-483.50; Feb 489.00, 490.00, 489.00; April 497.00, 499.00, untraded; June 500.00, 512.00, untraded; Aug 504.00, 516.00, untraded. Sales: 35 (105) lots of 25 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar £114.00 (£118.00) a tonne cif July-Aug shipment. White sugar daily price £153.00 (£159.00).

Colombia announced a snap tender for 12,000 tons July-August shipment and prices drifted in quiet conditions, reports C. Czarnikow.

| No.4 Con-tract | Yesterday close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Aug | 116.70-16.75 | 119.10-19.25 | 118.25-16.00 |
| Oct | 121.25-21.30 | 125.90-25.85 | 124.50-20.50 |
| Jan | 128.80-28.95 | 131.50-32.50 | 129.00-28.75 |
| March | 134.00-34.05 | 136.70-36.75 | 137.50-33.25 |
| May | 136.75-37.25 | 138.50-38.75 | 137.75 |
| Aug | 140.60-41.50 | 142.00-48.50 | 140.75-40.00 |
| Oct | 144.00-46.00 | 144.00-50.00 | — |

Sales: 3,364 (3,951) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £403.90 (same), a tonne for home trade and £220.00 (£224.50) for export.

International Sugar Agreement (U.S. cent per pound) fob and stowed Caribbean ports. Prices for July 7: Daily price 7.98 (8.05); 15-day average 7.15 (7.05).

### WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 369, 375, nil; Oct 390, 393, nil; Dec 404, 408, 404-402; Jan 405, 410, 404; March 415, 420, nil; May 426, 430, nil; Aug 438, 443, nil; Oct 440, 444, nil; Dec 442, 447, nil; Jan 444, 450, nil. Sales: 12.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 544.0, 545.0, 544.0-540.0; Oct 512.5, 513.0, 514.5-512.0; Dec 516.5, 517.0, 518.0-517.0; March 523.0, 525.0, 525.0-524.0; May 525.0, 528.0, 528.0-527.0; July 537.0, 538.0, 537.0; Oct 532.0, 535.0, untraded; Dec 535.5, 536.0, 536.0. Sales: 76.

### COTTON

LIVERPOOL—No spot or shipment sales were reported. With uncertainty the keynote, caused by the widespread belief that supplies of the raw material would be decreased owing to adverse weather conditions, and the slack state of deliveries, business was slow to broaden. Trading being at a standstill, buyers were unwilling to anticipate their needs.

### POTATOES

LONDON POTATO FUTURES—The market followed further easing of eady's, reports Coley and Harper. Closing prices: Nov 53.20, —0.90 (high 53.50, low 52.80); Feb 60.00, —0.80 (high 60.50, low 59.80); April 67.50, —0.50 (high 68.30, low 67.40); May 76.20, —0.70 (high 76.50, low 75.70); Nov 63.40, —0.10 (untraded). Turnover: 302 (251) lots of 40 tonnes.

### MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 77.8 to 83.5; Ulster hindquarters 94.5 to 97.5. Veal: Dutch hinds and ends 121.5 to 128.5. Lamb: English small 68.7 to 73.2, medium 66.0 to 70.0, heavy 62.0 to 6.0; Scotch medium 62.0 to 65.0; Imported—New Zealand PL 62.5 to 64.0, PM 62.0 to 63.0, PX 59.0 to 60.0, YL 61.0 to 62.0. Pork: English, under 100 lb 34.0 to 54.0, 100-120 lb 42.0 to 51.0, 120-160 lb 40.5 to 50.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle, 102.27p per kg lw (—0.40). GB—Sheep, 143.27p per kg est dcw (—13.34). GB—Pigs, 75.95p per kg lw (+0.39).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £2.20-£3.50; large haddock £4.20, medium £2.50-£3.20, small £1.60-£2.40; large plaice £4.20-£5.40, medium £3.80-£5.60, best small £3.00-£4.70; large skinned dogfish £9.00-£12.00, medium £5.00-£5.50; large lemon soles £7.00, medium £6.50; rockfish 80p; saithe £1.40-£1.80.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Mandarins—Brazilian 5.50-6.80. Oranges—Jaffa: 20 kg Valencia Lates £56/60/75 6.25, 88 5.85, 105 5.90, 123 5.05, 144 4.60, 168 4.50; Moroccan: 16 kg Valencia Lates 48/113 3.80-5.80; Outspan: Navels 40 6.50, 48 5.70, 56 6.35, 72 6.25, 88 5.60, 112 5.20, 138 4.85, 150 3.90. Lemons—Spania: trays 5 kg 40/50 1.60-2.00; Outspan: 15½ kg 80/180 5.00-6.50. Grapefruit—Jaffa: 20 kg 27 4.25, 32 4.45, 36 4.55, 40 4.90, 48 5.40, 56 5.35, 64 5.15, 75 4.95, 88 4.00; S African: 27 4.80, 32 5.25, 36 5.25, 40 5.25, 48 5.40, 56 5.35, 64 4.65, 72 4.35—Ruby same as White. Apples—French: Golden Delicious 18 kg 8.00-9.50; Tasmanian: Jonathan 11.00, Granny Smith 10.00-10.50, Sturmer Pippins 10.50-11.00; Australian: Granny Smith 10.00-11.00; New Zealand: Granny Smith 10.00-11.00, Sturmers 11.00-11.50; Red Doherty 12.00-13.00; S. African: Granny Smith 10.00-11.00, Golden Delicious 12.00-12.80, Starkcrimson 8.00-10.50; York Imperials 9.00-11.00; U.S.: 18 kg Red Delicious 9.00-12.00. Pears—Spanish: Mauratini per lb 0.30; Australian: Winter Nelis 12.50-14.50. Spanish Limonera 30p-33p lb. Peaches—Italian: large trays 3.50-6.00; Standard 2.50-3.50. French: A/AAA 4.40-4.80. Plums—Italian: Florence per lb 0.20-0.25; Spanish: 11 lb Santa Rosa 0.22-0.45, Jap 11 lb, per lb 0.12-0.20, Gaviotta 0.40-0.55. Grapes—Israeli: Perlette 5.40; Chilean: 5 kg Almeria 8.00, Ribier 6.50-6.80; Red Emperor 5.20-5.40; Cypriot: 12 lb Cardinal 6.00-6.60 Sultana 8.00. Cherries—Italian: Per lb 0.40-0.70; Turkish: 0.60-0.75; U.S.: 0.85. Apricots—Spanish: 5 kg 2.50-3.50. Nectarines—U.S.: 60/64 14.00-15.00; Spanish: 3.00-5.00; French: Small Trays 2.20-2.60. Melons—Spanish: Galia 2.00-3.00, Yellow 10 kg 3.50-4.00; Israeli: Yellow 2.00-3.00; French: Charentais 11/15 6.00-8.50. Water-Melons—Spanish: 18 kg 2.50-3.00; Israel: 2.50-3.00. Pineapples—S. African: 5/9 5.00-6.00; Ivory Coast: 20s 0.45, 12s 0.75, 6s 1.20; Kenyan: 6s each 1.60-1.70. Bananas—Colombian: 40 lb boxes 9.20. Avocados—S. African: 4.20-4.50; Kenyan: 4.00-4.50. Mangoes—Kenyan: 8/16 4.00-5.00; Mexican: 6.50. Papaws—Brazilian: 6.00.

English Produce: Potatoes—Per pound new 0.04-0.05. Mushrooms—Per pound, open 0.30-0.50, closed 0.50-0.70. Lettuce—Per 12, round 0.80-1.50, Webb's 1.20-1.60, Cos 1.20-2.00. Onions—Per 55-lb 40/80mm 3.00-3.50. Spring Onions—Per bunch 0.08. Primo Cabbage—Per 25-lb 1.00-1.40. Carrots—Per 22/23-lb 2.50-3.50, per bunch 0.12. Rhubarb—Per pound, outdoor 0.08-0.10. Courgettes—Per 12-lb 1.50-2.40. Cucumbers—Per package 1.60-2.40. Tomatoes—Per 12-lb box D/E 2.20-2.60. Cauliflowers—Per 12 Lincoln 2.50-4.00. Celery—Per 12/20 2.00-3.00. Broad Beans—Per pound 0.05-0.10. Marrows—each 0.15-0.20. Sugar Peas—Per pound 1.50. Peas—Per pound 0.12-0.15. Turnips—Per 28-lb 2.00. Runner Beans—Per pound 0.35-0.50. Apples—Per pound, Bramley 0.30-0.38, Grenadiers 0.30. Strawberries—Per 8-oz 0.25-0.40. Raspberries—Per 4-oz pack 0.10-0.20. Gooseberries—Per pound 0.15; Levellers 0.25-0.50. Cherries—Per pound 0.25-0.50. Red Currants—Per 8-oz 0.20-0.25. Black Currants—Per 8-oz 0.20-0.25.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | July 7 1982 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £810/815 | ..... | £810/815 |
| Free Mkt. | $930/960 | +5 | $905/935 |
| Copper | | | |
| Cash h grade | £785.5 | +9 | £732.5 |
| 3 mths | £803.75 | +6.25 | £756.25 |
| Cash Cathode | £773 | +9 | £722 |
| 3 mths | £793 | +7 | £748 |
| Gold troy oz | $307 | —3.5 | $326.875 |
| Lead Cash | £313.5 | +1.5 | £292.25 |
| 3 mths | £324.5 | +1.25 | £302.25 |
| Nickel | £4080 | ..... | £3922 |
| Free mkt. | 232/262c | ..... | 235/265c |
| Platin'mtr oz'y | £260 | ..... | £260 |
| Freemkt. | £152.45 | —2 | £167.20 |
| Quicksilver† | $360/378 | ..... | $370/380 |
| Silver troy oz. | 325.75p | —18.05 | 331.40p |
| 3 mths | 333.45p | —16.55 | 341.65p |
| Tin Cash | £6680 | +65 | £6520 |
| 3 mths | £6807.5 | +87.5 | £6385 |
| Tungsten22.0lb | $109.48 | ..... | $111.68 |
| Wolfrm 22.4lbs | $115/118 | ..... | $110-113 |
| Zinc Cash | £409.5 | +1 | £388.5 |
| 3 mths | £412.5 | —0.5 | £387.75 |
| Producers | $800 | ..... | $880/880 |
| Oils | | | |
| Coconut (Phil) | $475v | —15 | $505 |
| Groundnut | ‡ | ..... | $595 |
| Linseed Crude | £353v | ..... | £380 |
| Palm Malayan | $442.5w | ..... | $512.5 |
| Seeds | | | |
| Copra Ph lip | $320 | —5 | $340 |
| Soyabean (U.S.) | $250.5 | —1 | $257 |
| Grains | | | |
| BarleyFut. Sep | £104.95 | +0.25 | £104.60 |
| Maize | £136.00 | ..... | £136.75 |
| Wheat Fut.Sep | £111.25 | +1.20 | £109.00 |
| No.2HardWint | ‡ | ..... | ‡ |
| Other commodities | | | |
| Cocoa ship't* | £973 | +8 | £905 |
| Future Sept | £942.5 | +8 | £905.5 |
| Coffee Ft' Sept | £1110.5 | —1 | £1129 |
| Cotton A.Index | 78.25c | ..... | 76.15c |
| Gas Oil Aug | $279.5 | —2 | $292 |
| Rubber (kilo) | 48.5p | ..... | 49.25p |
| Sugar (Raw) | £118v | +2 | £96 |
| Woolt'ps 64s kl. | 388p kilo | ..... | 387pkilo |

‡ Unquoted. x Aug-Sept. u-June-July. v July-Aug. w Aug. † Per 76 lb flask. * Ghana cocoa. n Nominal.

## INDICES

### FINANCIAL TIMES

| July 7 | July 6 | M'th ago | Y'ar ago |
|---|---|---|---|
| 230.08 | 231.70 | 229.04 | 254.79 |

(Base: July 1 1952 = 100)

### REUTERS

| July 8 | July 7 | M'th ago | Y'ar ago |
|---|---|---|---|
| 1554.4 | 1563.8 | 1499.2 | 1798.1 |

(Base: September 18 1931 = 100)

### MOODY'S

| July 7 | July 6 | M'th ago | Y'ar ago |
|---|---|---|---|
| 992.6 | 1001.1 | 987.6 | 1069.8 |

(December 31 1931 = 100)

### DOW JONES

| Dow Jones | July 7 | July 6 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 121.55 | 122.54 | 123.09 | — |
| Futr's | 120.06 | 120.96 | 123.51 | — |

(Base: December 31 1974 = 100)

## AMERICAN MARKETS

NEW YORK, July 8.

PRECIOUS METALS and copper rallied sharply on a weaker dollar and lower interest rates. Heating oil was under pressure because of disunity among Opec members. Cotton was sharply higher on news of further damage to the Texas crop. Coffee retreated sharply as cold temperatures failed to realise. Cocoa advanced sharply on aggressive short-covering ahead of the ICCO meetings next week, reported Heinold.

Copper—July 59.80-60.10 (57.65), Aug 60.50 (58.25), Sept 61.00-61.40, Dec 63.55-63.65, Jan 64.25, March 65.75-65.90, May 67.25, July 68.75, Sept 70.25, Dec 72.50, Jan 73.25, March 74.70, May 76.10.

*Gold—July 322.0 (311.3), Aug 324.0-325.5 (313.5), Sept 329.0, Oct 332.3-333.0, Dec 339.5-341.0, Feb 348.0-349.0, April 355.0, June 362.8, Aug 370.8, Oct 378.9, Dec 387.1, Feb 395.3, April 403.6.

Potatoes (round whites)—Nov 66.7-67.5 (66.2), March 76.9 (76.5), April 87.4. Sales: 126.

¶Silver—July 612.0-613.0 (572.0), Aug 614.0 (575.5), Sept 620.0-623.0, Dec 645.0-648.0, Jan 655.1, March 671.7, May 688.3, July 704.9, Sept 721.5, Dec 746.3, Jan 754.6, March 771.2, May 786.8.

Sugar—No. 11: Sept 8.03-8.04 (8.16), Oct 8.22-8.24 (8.33), Jan 8.60-8.80, March 9.30-9.32, May 9.54, July 9.75, Sept 9.92-10.00, Oct 10.08-10.10.

Tin—531.00-535.00 (530.00-532.00).

CHICAGO, July 8.

Lard—Chicago loose 21.00 (same).

Live Cattle—Aug 62.30-62.40 (62.27), Oct 59.30-59.40 (58.97), Dec 60.35-60.20, Feb 60.00-60.15, April 59.75, June 61.00.

Live Hogs—July 59.70-59.80 (59.45), Aug 57.80-57.65 (57.17), Oct 54.70-54.60, Dec 54.80-54.70, Feb 52.80, April 49.85, June 50.75, July 50.80, Aug 49.70.

‡‡Maize—July 264-263¾ (262¼), Sept 262¾-262½ (261), Dec 263¾-263¾, March 277¾, May 286¾-286¾, July 292.

Pork Bellies—July 76.80-77.25 (78.12), Aug 74.20-73.90 (74.85), Feb 71.70-72.20, March 71.50-72.40, May 68.80, July 70.00-69.80, Aug 67.30.

†Soyabeans—July 614½-615 (609¼), Aug 616½-617 (609), Sept 616½-616, Nov 619¼-618¾, Jan 634-633, March 650, May 663-663¾, July 674.

‖Soyabean Meal—July 178.7-179.0 (177.3), Aug 178.8-178.6 (176.8), Sept 179.0-178.7, Oct 178.7, Dec 182.5-182.7, Jan 185.0, March 189.0-189.5, May 193.5-194.0, July 199.0-200.0.

Soyabean Oil — July 18.57-18.56 (18.32), Aug 18.65-18.63 (18.42), Sept 18.80, Oct 19.00, Dec 19.30-19.38, Jan 19.65, March 19.90, May 20.00-20.05, July 20.10-20.15.

†Wheat—July 331¼ (329¾), Sept 345¼-344½ (342¼), Dec 367¼-367¾, March 381, May 386, July 381.

WINNIPEG, July 8.

§Barley—July 124.1 (123.6), Oct 120.2 (120.2), Dec 122.6, March 125.5, May 127.5.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

### Wednesday's closing prices

NEW YORK, July 7

††Cocoa—July 1394 (1448), Sept 1429 (1498), Dec 1508, March 1565, May 1610, July 1651, Sept 1686. Sales: 3,100.

Coffee—"C" Contract: July 134.50-134.90 (135.26), Sept 123.00-123.25 (123.78), Dec 117.30-117.51, March 113.26-113.90, May 110.50-110.75, July 105.10-107.00, Sept 106.50-107.00, Dec 102.00-105.00. Sales: 3,150.

Cotton—No 2: July 66.75-67.25 (68.10), Oct 70.60-70.70 (71.64), Dec 72.70-72.80, March 74.60, May 75.65-75.85, July 76.50-77.00, Oct 76.25-77.00, Dec 75.25-75.50.

Heating Oil—(cents per U.S. gallon): Aug 89.40-89.60 (89.83), Sept 88.70-89.00 (89.55), Oct 89.60-89.70, Nov 90.50-90.60, Dec 91.40-91.75, Jan 92.55, Feb 92.60, March 91.60-92.30, April 91.50, May 91.40.

Orange Juice—July 120.90 (119.75), Sept 122.20-122.40 (121.80), Nov 123.90-124.00, Jan 125.00, March 126.45-126.55, May 127.90-128.00, July 129.35-129.60, Sept 130.80-131.10, Nov 132.25-132.50. Sales: 750.

CHICAGO, July 7.

Chicago Imm Gold—Sept 317.0-317.2 (315.2), Dec 328.8-329.0 (326.2), March 340.0, June 351.7, Sept 363.6.

## EUROPEAN MARKETS

PARIS, July 8:

Cocoa—(FFr per 100 kilos): July 1060 asked, Sept 1086/1100, Dec 1143/1160, Mar 1190/1200, May 1229/1238, July 1272/1281, Sept 1302/1318. Sales at call: nil.

Sugar—(FFr per tonne): Aug 1811/1825, Oct 1601/1692, Nov 1680/1690, Dec 1615/1625, Mar 1603/1695, May 1725/1740, July 1750/1770, Aug 1770/1784. Sales at call: 18.

ROTTERDAM, July 8.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter July 145, U.S. No. Three Amber Durum July 170, Aug 173, Sept 175, Oct 178, Nov 182, Dec 186. U.S. No. Two Northern Spring 14 per cent Aug 175, Sept 172.50, Oct 174, Nov 177, Dec 182. Canadian Western Red Spring July-Sept 196.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow afloat 123.50, July 123, Aug 121.50, Sept 121, Oct-Dec 119, Jan-March 127 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports afloat 245, July 247.50, Aug 247.30, Sept 247.75, Oct 240, Nov 240, Dec 244.75, Jan 250.50, Feb 254.25, March 258 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent arrived 197, July 205.50, Oct 214 traded; afloat 202, July 208, Aug 213, Sept 214, Oct 214.50, Nov-March 233 sellers; Nov-March 220 buyers. Pellets Brazil afloat 214, July 215, Aug 218, Sept 222, Oct 225, Nov-March 241 sellers.

# Early retreat on Wall Street

PRICES EASED in early trading as investors continued to worry about high interest rates and expectations of poor second quarter corporate earnings.

The Dow Jones Industrial Average was off about 3.62 at mid-day and the NYSE All Common Index shed a further 0.32 cents. Declines led advances by two-to-one and volume totalled some 8m shares in the first half hour of trading.

Analysts said the market also suffered from the continuing sell-off in bank stocks, reacting to the failure of Oklahoma's Penn Square Bank.

Banks continued to lose ground, as they have since the Penn Square announcement on Tuesday. J. P. Morgan fell 1⅞ to $47½, Citicorp 1½ to $21⅜, Chase Manhattan 1⅝ to $35⅜, Continental Illinois 1⅞ to $18½, Northwest Bancorp 1½ to $17½ and Interfirst 1⅞ to $18⅝.

Hanna Mining slid 7½ to $17¼ after a late opening. Norcen Energy settled its takeover battle for Hanna by agreeing to acquire an additional 11.2 per cent of the company, or 1.25m newly-issued shares, for $45 a share.

Market researchers said the market was increasingly wary of developments. Hopes were fast fading that U.S. problems were transitory. More investors were realising that second quarter earnings had been under more pressures than anticipated and would be disappointing while interest rates remained high.

THE AMERICAN SE Market Value Index fell 3.35 to 242.81 on turnover of some 2.4m shares.

Norcen Energy resumed yesterday morning at C$25½, unchanged from its last price, after detailing on Wednesday the terms of an accord to end its takeover battle with Hanna Mining.

## Canada

Stocks were slightly lower in early trading with the Toronto Composite Index off 1.6 to 1,350.7.

Declines led the advances 86 to 16 on turnover of 577,626 shares.

**Closing prices for North America were not available for this edition.**

## Tokyo

Prices closed sharply lower with the market average falling below the 7,000 mark on widespread selling pressure centred on export-oriented issues.

The Nikkei-Dow Jones Index fell 73.20 points to 6,961.91, its lowest level since March 17, while the Tokyo SE Index shed 6.46 points to 520.23, in light trading; volume of 240m shares.

Dealers said the key to the day's fall came in the afternoon when a new wave of sell orders flooded the market following a report—prominently displayed in the afternoon edition of a Japanese economic news daily, the Nihon Keizai Shimbun—that the Eurobond market was in bad shape and European stocks were plunging.

The traders rumours spread in the Tokyo Market that one small West German bank had gone bankrupt.

Dealers said sentiment was also dampened partly by expectations that U.S. interest rates would remain high.

Sony, Fujitus, Victor, Matsushita Electric Industry and Steels led the fall, followed by Hitachi, which is the subject of U.S. allegations of conspiracy to obtain IBM computer secrets. Sony lost Y40 to Y3,180, as did Toyota Motor to Y840, Matsushita Electric shed Y27 to Y959 and Fuji Film Y40 to Y1,320.

Mitsubishi Heavy Industries fell Y15 to Y163.

Nippon Oil slipped Y36 to Y813 on shelling in reaction to the sustained yen decline against the dollar, and other Oils, including Toa Nenryo and Koa Oil also moved lower.

Nippen Steel and other big capital issues fell, with only Dowa Mining and some incentive-backed issues showing gains.

The second market finished lower in active trading on volume of 12.5m.

## Singapore

Prices closed slightly lower on some selling in moderate turnover.

The Straits Times Industrials and Finances, General Corporation, Genting, Keppel Shipyard and Straits Trading each weakened 10 cents to S$3.06, S$3.50, S$3.78 and S$5.25 respectively.

Elsewhere losses of between 1 and 5 cents were recorded in Boustead, Haw Par, Mulb, OCBC and UOB.

Hotels, Properties and Commodities were marginally lower in line with the general trend. Faber Merlin eased 1 cent to S$1.58, Selangor Properties lost 10 cents to S$4.08 and Malaysia Mining Corporation dropped 4 cents to S$2.40.

The Stock Exchange Industrial/Commercial Index declined 2.66 to 518.04.

## Hong Kong

Stocks closed weak after a steady opening, in quiet and selective trading.

There was sporadic liquidation selling by foreign investors due to difficulties in holding positions with the strength of the Hong Kong dollar. The Hang Seng Index closed off 19.34 points to 1,252.24.

China Light was a main feature in the market, losing 60 cents to close at HK$15.30 mainly on rumours the company may announce a rights issue, dealers said.

A China Light official said later that the company was unaware of any pending rights issue.

## Germany

Prices closed generally easier as sentiment remained depressed by the financial plight of AEG-Telefunken and continued rumours that one or more West German banks are facing liquidity problems, dealers said.

Bank Fuer Gemeinwirtschaft, a non-quoted bank, denied rumours mid-session, but dealers said the Banking sector failed to rally. The Commerzbank Index fell to 674.8 from 682.2.

## Paris

Stocks closed mixed with a slight downward bias in dull, aimless trading.

Market analysts said many investors remained on the sidelines, discouraged in part by the near-reocrd levels of the dollar against the French franc and continued concern over the Government's fouth - month austerity measures.

Declines led advances by 89 to 66 in the French sector, with the market indicator closed off 0.34.

## Australia

Major mining and oil issues weakened again in active selling.

Brokers said there were not positive local or overseas influences to stem the sell-off.

Market observers said a technical rally was expected in the next three-to-four trading days, but the slide would resume. The bottom of the market would probably be near 400 on the All Ordinaries Index, which fell 5.4 points to 443.2 yesterday.

## Johannesburg

Gold shares closed mixed where changed in dull trading, with the bullion price offering no clear direction.

Doornfontein gained 50 cents at 1,175 cents and Ergo 20 at 460, while Freguls shed 50 at 2,150 and Marievale 10 at 140. However, other Minings and Financials were quietly firm where traded. De Beers rose 13 at 425 ahead of CSO diamond sales figures, while Anglos firmed 10 at 920.

Industrials closed firmer with leader Barlows up 15 at 680.

## CANADA

| Stock | July 7 | July 6 |
|---|---|---|
| AMCA Intl | 16⅞ | 17 |
| Abitibi | 16 | 15¼ |
| Agnico Eagle | 5.62 | 5.62 |
| Alban Alumin | 22⅞ | 22¾ |
| Algoma Steel | 23½ | 23½ |
| Asbestos | 10¼ | 10⅜ |

## BELGIUM (continued)

| July 8 | Price Frs. | + or — |
|---|---|---|
| Petrofina | 4,470 | —10 |
| Royale Belge | 6,060 | ...... |
| Soc. Gen. Banq | 2,340 | ...... |
| Soc Gen Belge | 1,154 | +4 |
| Sofina | 3,385 | ...... |
| Solvay | 1,915 | +15 |
| Traction Elect | 2,590 | [illegible] |

## HOLLAND

| July 8 | Price Fls. | + or — |
|---|---|---|
| ACF Holding | 76.5 | +0.5 |
| Ahold | 81.1 | —0.1 |
| AKZO | 23.6 | —0.1 |
| ABN | 278 | +0.5 |
| AMEV | 87 | +1 |
| AMRO | 46.9 | +0.1 |
| Bredero Cert | 159 | —0.5 |

## AUSTRALIA

| July 8 | Price Aust. $ | + or — |
|---|---|---|
| ANZ Group | 3.5 | —0.1 |
| Acrow Aust | 1.30 | ...... |
| Ampol Pet | 1.15 | ...... |
| Assoc. Pulp Pap | 1.45 | —0.15 |
| Audimco | 0.10 | ...... |
| Aust. Cons. Ind | 1.35 | ...... |
| Aust. Guarant | 2.30 | ...... |
| Aust. Nat. Inds | 2.50 | ...... |

## JAPAN (continued)

| July 8 | Price Yen | + or — |
|---|---|---|
| Kubota | 351 | ...... |
| Kumgaai | 381 | —4 |
| Kyoto Ceramic | 3,500 | —30 |
| Lion | 360 | ...... |
| Maeda Cons | 585 | —2 |
| Makita | 725 | ...... |
| Marubeni | 251 | —1 |
| Marudai | 539 | —9 |

# LONDON STOCK EXCHANGE

# Authorities again smooth path for base rate cuts
# Gilts make positive response but equities dither

**Account Dealing Dates**

| Option *First Dealings | Declara-tions | Last Dealings | Account Day |
|---|---|---|---|
| July 27 | Aug 6 | Aug 7 | Aug 17 |
| Aug 10 | Aug 26 | Aug 27 | Sept 7 |
| Aug 23 | Sept 10 | Sept 11 | Sept 21 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

With the authorities again smoothing the path for the UK clearing banks to make a further small reduction in base rates, Government stocks resumed their recent advance in positive fashion yesterday. London equity markets appeared set to follow the movement initially, but investment response later became highly selective and many leading shares became uncertain.

Gilt-edged securities opened confidently, reflecting easier short-term U.S. interest rates overnight and sterling's steadier performance yesterday against the dollar. The Bank of England's move shortly before I am clipping the important band one intervention rate in UK money markets augmented the firm tone.

Fresh investment funds were committed to Gilts of all maturities, but medium issues showed up best with gains ranging to ⅝. Longer-dated stocks were a maximum of ½ higher and some shorts were up to ⅛ better. Against the trend, a few low-coupon shorts lost ground on the view that any new Government funding today could take the form of a low-coupon issue.

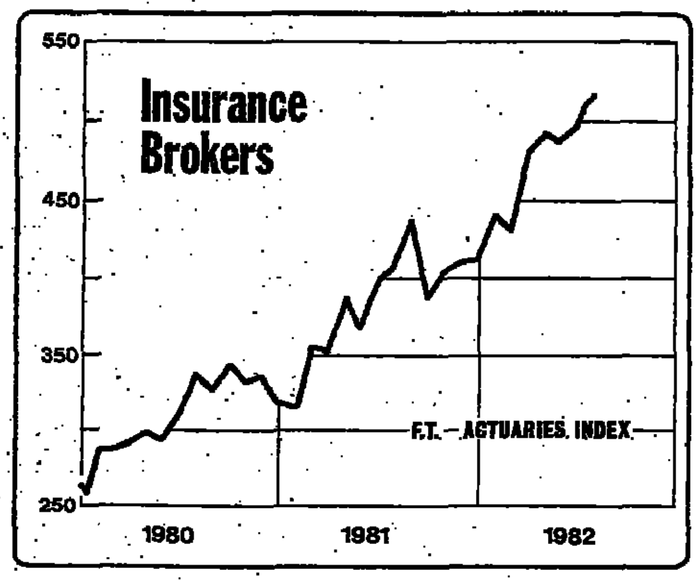
The specialised nature of equity business was illustrated by sharply contrasting movements in FT Industrial Ordinary share index constituents; Glaxo rose 10 to a peak for the year of 736p, but Thorn EMI weakened again to close 10 down at a 1982 low of 390p. Imperial group, another index constituent, dropped 4½ to 100p on interim results deemed to be both disappointing and an unsettling influence for equity markets generally.

Marked weakness early yesterday on Wall Street also urged caution in London's after-hours' trading and the 30-share index closed 3.8 down at the day's lowest of 551.4; at 11 am, this measure was showing a rise of 1.5.

## Grindlays good

A resurgence of speculative buying fuelled by revived talk of a bid from Hong Kong and Shanghai Banking helped Grindlays to feature the banking sector with a rise of 13 to 188p. Awaiting probable reductions in base lending rates and the interim didivned season, scheduled to start at the end of the month, the major clearing banks traded firmly. NatWest rose 5 to 437p as did Midland, 337p; the latter's half-year figure are due on July 30. Australian issues reflected dull domestic advices, ANZ dipping 5 to 208p and Bank of New South Wales 3 to 147p.

Still reflecting U.S. bid hopes, Minet hardened a couple of pence more to 153p. Elsewhere Insurances, Life issues made useful progress, Equity and Law putting on 8 to 414p, Britannic 6 to 272p and Prudential 5 to 243p.




Atlantis Resources International made a quiet market oebut, opening and closing at the placing price of 45p.

BPB responded to the chairman's optimistic annual statement by touching 420p before closing a net 5 up at 415p. Leading Buildings otherwise closed a shade easier for choice as talk of lower interest rates wore thin. Elsewhere, James Latham shed 5 to 120p despite the return to profitability, while John Booth (Bolton) dropped 11 to 23p following the annual loss and dividend omission. Scrappy selling again left its mark on Sheffield Brick, which dipped to a 1982 low of 24p before closing 3 down on balance at 25p, while Phoenix Timber lacked support and gave up 4 to a 1982 low of 58p.

Business in ICI remained thin and the price drifted off to close 4 cheaper at 300p, but Amersham came in for fresh support ahead of next Monday's results and put on 6 to 230p, while Allied Colloids, preliminary results due July 20, added 3 to 213p. Rentokil gained 4 to a 1982 peak of 176p.

Stores attracted a fair measure of inquiry, but not much business. The leaders remained dull and Gussies A closed 10 lower at 470p, while Marks and Spencer gave up a few pence to 151p. Selected secondary counters made strong progress. Courts Furnishers stood out following the excellent preliminary profits and rose 12 to 82p, with the A a similar amount up at 78p. Polly Peck added 5 more to 352p, while good support was again directed towards Cornell Dresses, 13 dearer at 183p. NSS Newsagents closed 4 better at 116p, but Lee Cooper finished 5 cheaper at 100p.

Among Shoes, dealings in David Scott were suspended at 13½p pending clarification of the company's position; it was later announced that a receiver had been appointed.

## Thorn EMI down again

The market yesterday remained convinced that Thorn EMI would announce a sizeable rights issue with next Thursday's preliminary figures, if not before, despite the group's reported denial, and the shares were sold down to a 1982 low of 390p after a two-day fall of 20. Plessey attracted continued investment demand and touched 493p but retreated later on profit-taking to colse 5 down on balance at 485p. Elsewhere in Electricals, Ferranti continued to attract a fair amount of speculative attention on bid hopes but failed to hold the day's best level of 825p, closing 5 up at 810p. Bowthorpe firmed 12 at 277p as did George Scholes, 372p. By way of contrast, an almost total lack of support ahead of the annual figures due next month saw Quest Automation drop 8 more to 25p, which compares with the 1982 peak of 140p; Gresham House, a major shareholder, lost 5 in sympathy to 140p.

Engineerings passed a dull session with the market still apparently paying heed to recent industrial surveys suggesting that recovery from the recession will be slow. TI, recently weak on adverse comment, fell 4 to 102p, while the associated British Aluminium cheapened a couple of pence to 38p in sympathy. Reports of a broker's downgrading of profits estimates for the group left IMI 3½ cheaper at 50½p, while Moss fell 5 to 67p following details of Biwater's share disposals. Edbro reflected the chairman's profits warning with a fall of 2 to 92p and Astra Industrial gave up a penny to 9p on disappointing results.

## Glaxo rise

Foods made a firm showing for the second day running, but quotations closed a shade below the best in places as interest faded. Retailers featured Tesco which put on 3 to a 1982 peak of 68p, continuing the recent re-rating. Tate and Lyle met renewed support and also firmed 4, to 174p, while British Sugar closed 5 dearer at 470p, after 475p. Avana put on 6 for a three-day gain of 20 to 318p, after 322p, while Singlo revived and added 2½ to 37½p; the latter's results are due soon.

Buying on fresh consideration of the U.S. profit potential of its Zantac anti-ulcer drug helped Glaxo to rise 10 to a 1982 peak of 736p. Following details of the sale of its industrial supply operations in the UK, France and Ireland to Cadbury Schweppes for £7.7m cash, Reckitt and Colman rose 6 to 290p. Transport Development firmed 3 to 73p. Elsewhere in miscellaneous industrials, Peter Black advanced 10 more to 345p on renewed speculative buying while, hopes of likely benefits accruing from the rail strike left United Parcels 8 up at 206p. Johnson Group Cleaners rose 7 to 276p in sympathy with an advance of 10 to 105p in bidders Sunlight Services. BB and EA fell 5 to 60p on the halved final dividend and annual deficit.

Properties met a moderate two-way business and closed firmer for choice. Haslemere Estates, preliminary results due on July 15, rose 4 to 342p. Elsewhere, Carlton Real Estates attracted fresh speculative interest and put on 2 to a 1982 peak of 19½p, while M. P. Kent found support and gained 4 to 57p. Trust Securities Deferred firmed 3 to 73p, but Lynton softened 2 to a low for the year of 182p.

## Oils better

Recently subdued Oils took a modest turn for the better, British Petroleum and Shell adding 4 apiece to 270p and 390p respectively. Elsewhere, talk of a broker's favourable circular helped Lasmo to rise 10 to 300p. The Humbly Grove participants came to life, Carless rising 7 to 169p and Marinex 6 to 103p. Candecca, additionally stimulated by press comment, put on 11 to 212p, Jackson Exploration gained 10 to 116p following a broker's seminar, but Goal Petroleum shed 6 to 87p on the £5.5m rights issue proposal. Renewed demand in a thin market lifted O.R.E. 8 to 255p.

Among Overseas Traders, Inchcape continued to respond to recovery hopes and closed 8 better at 280p, after 283p. Gill and Duffus also attracted support and firmed 4 to 116p.

Shippings featured British and Commonwealth, which advanced 13 to 453p in a restricted market. Caledonia closed 11 to the good at 413p. Movements elsewhere were generally restricted to a penny either way.

A shade firmer immediately in front of the announcement, Imperial Group reacted sharply following interim profits which fell short of expectations and led to a revision of estimates for the full year; the liquidation of bull positions saw the shares down to 98p before closing 4½ down on balance at 100p. The news had little apparent effect on other Tobaccos, with Bats continuing the recent recovery by rising 6 more to 438p.

## De Beers surge ahead

The much better than expected half-year diamond sales figure from the Central Selling Organisation prompted a flurry of buying interest in De Beers which surged ahead to close 20 higher at 204p. Anamint, a substantial holder of De Beers, put on ⅜ to £23¼.

South African Golds got off to a weak start but rallied in line with the bullion price to close showing only small falls. The Gold Mines index eased 2.1 more to 186.6, extending the fall over the past six trading days to 17.1. Bullion closed $7.5 up at $314.5 an ounce.

Heavyweights sustained losses to ⅜, as in Randfontein, £19⅞, while Western Deep dipped ⅜ to £10⅜ and Kloof ¼ to £10⅞. St. Helena, however, were finally ⅛ up at £10⅛, reflecting bear closing.

In the cheaper-priced issues, Durban Deep gave up 16 to a year's low of 525p.

South African Financials were mixed. Gold Fields of South Africa rose ½ to £22½ and Gencor 10 to 660p but "Amcoal" closed ½ off at £10½.

Subdued throughout the day, London Financials picked up strongly in after-hours' dealings. Gold Fields ended 5 up on balance at 353. Rio Tinto-Zinc put on 4 to 367p and Charter edged up 3 to 198p.

There was no respite for Australians which continued to lose ground in the wake of overnight Sydney and Melbourne markets. Bond Corporation lost 2 to a 1982 low of 60p while MIM Holdings and Peko-Wallsend eased a penny apiece to respective 1982 lows of 143p and 211p.

The exceptionally active business in the underlying shares stimulated demand for Imperial Group Traded Option positions and 1,357 calls were taken out following the announcement of the first-half figures. A substantial amount of money was again directed towards the August series, the 90s and 100s attracted 385 and 330 calls respectively, while 346 deals were struck in the November 100s.

## OPTIONS

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| June 28 | July 9 | Sept 30 | Oct 11 |
| July 12 | July 23 | Oct 14 | Oct 25 |
| July 26 | Aug 6 | Oct 28 | Nov 8 |

*For rate indications see end of Share Information Service*

Money was given for the call in Thomas Borthwick, Aerow A, Rothmans International, William Press, UDS, Tozer Kemsley and Millbourn, Shaw and Marvin and Guinness Peat. Puts were arranged in Ferranti and Inter-City, while doubles were taken out in UDS and Raybeck.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 72 | 2 | 17 |
| Corpns. Dom. and Foreign Bonds | 27 | 1 | 49 |
| Industrials | 186 | 203 | 948 |
| Financial & Props. | 138 | 51 | 323 |
| Oils | 32 | 21 | 54 |
| Plantations | 2 | 6 | 15 |
| Mines | 17 | 49 | 91 |
| Others | 49 | 44 | 59 |
| Totals | 523 | 377 | 1,559 |

## FINANCIAL TIMES STOCK INDICES

| | July 8 | July 7 | July 6 | July 5 | July 2 | July 1 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 70.02 | 69.86 | 69.95 | 69.85 | 69.39 | 69.49 | 64.00 |
| Fixed Interest | 70.56 | 70.48 | 70.43 | 70.30 | 69.99 | 69.85 | 66.15 |
| Industrial Ord. | 551.4 | 555.2 | 554.0 | 548.4 | 543.0 | 549.3 | 519.0 |
| Gold Mines | 186.6 | 188.7 | 195.2 | 195.9 | 197.2 | 197.7 | 314.1 |
| Ord. Div. Yield | 5.58 | 5.56 | 5.58 | 5.64 | 5.69 | 5.65 | 6.15 |
| Earnings, Yld.% (full) | 11.67 | 11.62 | 11.65 | 11.80 | 11.91 | 11.69 | 12.35 |
| P/E Ratio (net) (*) | 10.42 | 10.46 | 10.44 | 10.31 | 10.21 | 10.39 | 10.09 |
| Total bargains | 13,033 | 15,830 | 14,311 | 14,607 | 13,735 | 13,230 | 18,915 |
| Equity turnover £m. | — | 123.87 | 133.55 | 102.61 | 114.04 | 122.93 | 133.83 |
| Equity bargains | — | 10,903 | 10,993 | 10,306 | 11,394 | 10,560 | 14,469 |

10 am 555.2. 11 am 556.7. Noon 553.0. 1 pm 552.6.

2 pm 552.7. 3 pm 552.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.68.

## HIGHS AND LOWS

| | 1982 High | 1982 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 70.40 (7/6) | 61.89 (5/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 70.57 (14/6) | 62.79 (7/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 594.0 (8/6) | 518.1 (5/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines | 302.0 (5/1) | 181.2 (22/6) | 558.9 (22/9/80) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | July 7 | July 6 |
|---|---|---|
| —Daily | | |
| Gilt Edged Bargains | 172.9 | 191.9 |
| Equities | | |
| Bargains | 70.6 | 71.2 |
| Value | 250.4 | 259.9 |
| 5-day Avrge. | | |
| Gilt-Edged Bargains | 167.1 | 163.7 |
| Equities | | |
| Bargains | 70.2 | 68.8 |
| Value | 241. | 236.5 |

# RECENT ISSUES

## EQUITIES

| Issue price p | Amount paid up | Latest Renunc. Date | 1982 High | 1982 Low | Stock | Closing price p | + or − | Div. p or amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ¶¶ | F.P. | — | 82½ | 82½ | Antofagasta Hldgs(£1) | 82½ | ...... | 7.0 | 3.6 | 12.1 | 2.5 |
| ¶¶ | — | 30/7 | 14 | 11 | Argyll Foods Warr'ts. | 14 | ...... | — | — | — | — |
| ¶§ | F.P. | — | 48 | 44 | Argyle Trust | 44 | −1 | — | — | — | — |
| ¶250 | F.P. | 23/6 | 280 | 260 | Assoc. Heat Services | 280 | +5 | b9.0 | 2.1 | 4.6 | 14.2 |
| §45 | F.P. | — | 46 | 45 | Atlantis Res. Int. | 45 | ...... | — | — | — | — |
| 46 | F.P. | 30/7 | 55 | 50 | Bairstow Eves 5p | 55 | −1 | b1.61 | 2.5 | 4.3 | 13.0 |
| §90 | F.P. | 25/6 | 101 | 92 | ✲Black(Michael) 20p | 92 | ...... | u3.0 | 2.4 | 4.7 | 12.7 |
| 15 | F.P. | 15/4 | 32 | 19 | Cambrian & Gen. 7½p | 30 | ...... | — | — | — | — |
| §250 | F.P. | 4/6 | 435 | 293 | ✲Cont. Microwave | 415 | −5 | b6.25 | 3.9 | 1.8 | 15.4 |
| §5+8 | F.P. | 30/7 | 59 | 52 | ✲Denoora | 52 | ...... | — | — | — | — |
| §30 | F.P. | 28/6 | 169 | 140 | ✲Druck Hldgs. | 168 | +1 | b2.3 | 2.5 | 2.0 | 23.2 |
| §87½p | F.P. | 25/6 | 98 | 84 | Electro-Prot. US$0.50 | 90 | ...... | uQ1.5c | 8.9 | 0.9 | 12.1 |
| — | — | — | 17 | 10 | ΔGroup Inv Option | 12 | ...... | — | — | — | — |
| §60 | F.P. | — | 60 | 60 | ✲Knight Cmptr Int5p | 60 | ...... | bd1.6 | 2.0 | 3.8 | 18.1 |
| §137 | F.P. | 30/7 | 195 | 150 | ✲McCarthy & Stone | 192 | −3 | b5.75 | 2.7 | 4.3 | 11.5 |
| §105 | F.P. | 2/7 | 121 | 110 | ✲Miles 33 10p | 112 | ...... | ud2.0 | 4.8 | 2.6 | 9.7 |
| 600 | F.P. | 2/7 | 630 | 595 | Oriflame SA (US$1.50) | 615 | +15 | bQ50c | 2.2 | 4.5 | 9.9 |
| §150 | F.P. | — | 155 | 150 | ✲Oilfield Insp. Srvc | 152 | ...... | u2.1 | 3.7 | 2.0 | 17.4 |
| 77 | F.P. | 14/7 | 97 | 88 | ✲Radio City 'A' NV | 89 | +1 | b5.6 | 1.5 | 9.0 | 10.4 |
| 140 | F.P. | 29/6 | 186 | 160 | ✲Ruddle (G.) 10p | 183 | −2 | b3.3 | 2.6 | 2.6 | 21.5 |
| ¶§ | F.P. | — | 44 | 38 | Walker (Alfred) 10p | 38 | ...... | b0.75 | 5.3 | 2.8 | 7.1 |
| ¶¶ | F.P. | — | 90 | 40 | Zambia Cons Cpr 10K | 50 | ...... | — | — | — | — |

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1982 High | 1982 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| ¶§ | F.P. | — | 60p | 58p | Antofagasta 5.5% Pref.(£1) | 58p | ...... |
| §100 | F.P. | 9/7 | 107 | 100 | Benlox 8% Conv. Cum. Rd. Pf. | 100 | ...... |
| ¶100 | £10 | 26/8 | 11¾ | 10½ | BournemouthWater9% Red. Prf.'8789 | 11¾ | ...... |
| ¶¶ | F.P. | — | 146½ | 130 | First Nat. 12½pc Conv. Uns. Ln. 1987 | 133 | ...... |
| 101 | F.P. | 30/7 | 109 | 107 | ✲Lon&Cont11½%Conv.Sub Uns.Ln.'85-02 | 108 | ...... |
| §100 | F.P. | 9/7 | 101 | 92½ | Marlborough Props.10%Cnv. Ln.'98-2002 | 92½ | −1 |
| 98.55 | £25 | 8/10 | 26 | 25¾ | Midland Bk. 14% Sub. Uns. Ln. 2002-07. | 25¼ | +¼ |
| 100 | F.P. | — | 100⅞ | 100⅛ | Nationwide Bdg. Soc. 13½% (3/6/83) | 100⅛ | −⅜ |
| 100 | F.P. | — | 99⅞ | 99⅞ | Do. 14% (4/7/83) | 100½ | ...... |
| 99.345 | £25 | — | 25¾ | 24⅛ | New Zealand 14¼% 1987 | 25⅜ | +¼ |
| ¶100 | F.P. | — | 47 | 38 | RIT & Northern 4pc Net Cum. Prf. £1 | 41 | ...... |
| ¶100 | F.P. | — | 46 | 45 | Do. 4.7pc Net Cum. Prf. £1 | 46 | ...... |
| §100 | Nil | — | 7ppm | 2ppm | Rotaprint 11½% Cum. Conv. Red. Pref | 1ppm | ...... |

## "RIGHTS" OFFERS

| Issue price p | Am'unt paid up | Latest Renunc. date ● | Latest Renunc. date ■ | 1982 High | 1982 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 166 | F.P. | 9/7 | 6/8 | 188 | 188 | Applied Computer Tech. | 187 | ...... |
| 170 | F.P. | 13/5 | 24/8 | 190 | 180 | Bank Leumi (UK) £1 | 158 | ...... |
| 174 | F.P. | 18/6 | 30/7 | 234 | 218 | Grand Met 50p | 234 | ...... |
| 25 | Nil | — | — | 2pm | 2pm | Jenks & Cattell | 2pm | ...... |
| 50 | F.P. | 24/6 | 13/8 | 61 | 52 | Press (Wm.) 10p | 60 | ...... |
| 325 | F.P. | 17/6 | 30/7 | 445 | 380 | Saatchi & Saatchi 10p | 410 | ...... |
| 215 | F.P. | 5/7 | 13/8 | 258 | 243 | Sketchley | 259 | +1 |
| 25 | F.P. | 10/5 | 10/6 | 26 | 24 | Young (H.) | 25 | ...... |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ❖ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ⊡ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✲ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Amersham | 230 | +6 | European Ferries | 66 | +3 |
| BPB | 415 | +5 | Ferranti | 810 | +5 |
| Bowthorpe | 277 | +12 | Gill and Duffus | 116 | +4 |
| British Sugar | 470 | +5 | Grindlays Bank | 188 | +13 |
| Davy Corporation | 115 | −6 | Imperial Group | 100 | −4½ |
| De Beers Defd | 204 | +20 | Tesco | 68 | +3 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Wednesday's closing price pence | Day's change | Stock | No. of price changes | Wednesday's closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| Ferranti | 18 | 805 | +35 | Racal Elect | 10 | 455 | +10 |
| GEC | 16 | £10⅛ | +⅛ | RTZ | 10 | 363 | −7 |
| Plessey | 15 | 490 | +13 | Beecham | 9 | 270 | +4 |
| Thorn EMI | 12 | 400 | −10 | Cable & Wire | 9 | 290 | −8 |
| BH Prop | 11 | 394 | −12 | Fisons | 9 | 357 | −3 |
| De La Rue | 10 | 465 | −20 | Granada A | 9 | 178 | −11 |
| Marks & Spen | 10 | 154 | −3 | Royal Ins | 9 | 335 | +3 |

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| | | Thurs July 8 1982 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed July 7 Index No. | Tues July 6 Index No. | Mon July 5 Index No. | Fri July 2 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (209) | 392.72 | −0.2 | 9.52 | 4.28 | 13.07 | 393.37 | 391.17 | 387.05 | 385.14 | 343.31 |
| 2 | Building Materials (23) | 321.46 | −0.1 | 12.43 | 5.71 | 10.10 | 321.82 | 324.26 | 319.62 | 320.27 | 297.05 |
| 3 | Contracting, Construction (28) | 583.73 | +0.1 | 15.03 | 5.29 | 7.84 | 583.06 | 583.03 | 577.10 | 574.46 | 538.23 |
| 4 | Electricals (31) | 1542.68 | — | 6.83 | 2.10 | 18.58 | 1543.23 | 1520.41 | 1506.19 | 1495.48 | 1128.96 |
| 5 | Engineering Contractors (11) | 479.17 | −0.8 | 13.41 | 6.31 | 9.01 | 483.03 | 482.98 | 477.56 | 473.89 | 486.01 |
| 6 | Mechanical Engineering (67) | 195.49 | −0.4 | 11.61 | 6.02 | 10.42 | 196.23 | 196.58 | 194.97 | 193.69 | 204.48 |
| 8 | Metals and Metal Forming (11) | 145.23 | −1.8 | 12.68 | 8.35 | 9.77 | 147.96 | 149.20 | 147.57 | 146.00 | 143.27 |
| 9 | Motors (20) | 85.21 | −1.2 | 2.73 | 8.29 | — | 86.24 | 86.12 | 85.52 | 84.88 | 98.43 |
| 10 | Other Industrial Materials (18) | 355.46 | +0.4 | 10.36 | 6.01 | 11.85 | 353.87 | 352.59 | 345.97 | 347.81 | 368.33 |
| 21 | CONSUMER GROUP (202) | 303.20 | −0.3 | 13.06 | 5.76 | 9.28 | 304.01 | 304.15 | 300.83 | 299.06 | 271.93 |
| 22 | Brewers and Distillers (22) | 320.67 | −0.6 | 14.47 | 6.37 | 8.44 | 322.64 | 323.05 | 318.81 | 316.56 | 302.41 |
| 25 | Food Manufacturing (22) | 263.36 | +0.3 | 17.68 | 7.15 | 6.60 | 262.56 | 252.22 | 260.25 | 259.17 | 255.50 |
| 26 | Food Retailing (14) | 630.37 | +0.4 | 9.43 | 3.55 | 12.84 | 627.85 | 622.01 | 614.38 | 606.33 | 515.58 |
| 27 | Health and Household products (9) | 476.48 | +1.3 | 7.28 | 3.55 | 16.21 | 470.35 | 456.75 | 456.74 | 451.64 | 331.59 |
| 29 | Leisure (23) | 400.01 | −1.4 | 10.55 | 5.81 | 11.63 | 405.66 | 410.93 | 407.05 | 411.01 | 412.83 |
| 32 | Newspapers, Publishing (13) | 510.56 | +0.2 | 13.35 | 6.11 | 9.43 | 509.51 | 508.58 | 504.34 | 505.57 | 488.89 |
| 33 | Packaging and Paper (14) | 141.28 | −0.2 | 17.65 | 7.81 | 6.82 | 141.54 | 141.65 | 137.78 | 136.83 | 140.55 |
| 34 | Stores (45) | 266.61 | −1.2 | 10.87 | 5.21 | 12.19 | 269.78 | 271.64 | 270.26 | 268.75 | 250.72 |
| 35 | Textiles (23) | 162.09 | — | 14.41 | 6.63 | 8.43 | 162.09 | 162.29 | 161.50 | 162.53 | 156.13 |
| 36 | Tobaccos (3) | 332.74 | −0.4 | 21.94 | 8.27 | 5.14 | 334.18 | 333.20 | 329.71 | 325.44 | 245.84 |
| 39 | Other Consumer (14) | 264.75 | +0.5 | 6.24 | 6.11 | 31.48 | 263.43 | 263.41 | 261.36 | 261.97 | 295.03 |
| 41 | OTHER GROUPS (76) | 248.74 | −0.1 | 14.08 | 6.76 | 8.63 | 249.08 | 250.17 | 248.71 | 247.69 | 222.52 |
| 42 | Chemicals (15) | 325.06 | −0.6 | 14.59 | 7.35 | 8.22 | 326.92 | 329.18 | 328.67 | 326.64 | 274.56 |
| 44 | Office Equipment (4) | 99.53 | −0.5 | 16.34 | 8.77 | 7.52 | 99.98 | 99.58 | 99.18 | 100.44 | 115.55 |
| 45 | Shipping and Transport (13) | 557.34 | +1.9 | 19.13 | 7.38 | 6.94 | 546.99 | 544.47 | 539.73 | 541.25 | 538.43 |
| 46 | Miscellaneous (44) | 326.68 | −0.3 | 11.64 | 5.76 | 10.42 | 327.51 | 329.21 | 326.34 | 324.24 | 289.80 |
| 49 | INDUSTRIAL GROUP (487) | 325.91 | −0.2 | 11.83 | 5.32 | 10.32 | 326.60 | 326.16 | 322.86 | 321.15 | 289.36 |
| 51 | Oils (13) | 665.03 | +1.3 | 23.09 | 8.74 | 4.76 | 656.97 | 661.45 | 659.16 | 660.41 | 653.38 |
| 59 | 500 SHARE INDEX | 353.72 | — | 13.62 | 5.93 | 8.79 | 353.65 | 353.60 | 350.37 | 348.89 | 318.94 |
| 61 | FINANCIAL GROUP (117) | 244.14 | +0.7 | — | 6.95 | — | 242.55 | 240.90 | 240.31 | 239.02 | 259.18 |
| 62 | Banks (6) | 269.34 | +0.9 | 38.18 | 8.44 | 2.87 | 267.06 | 265.24 | 262.96 | 260.08 | 266.84 |
| 63 | Discount Houses (9) | 230.76 | +0.2 | — | 9.88 | — | 230.39 | 229.35 | 227.79 | 227.73 | 270.68 |
| 65 | Insurance (Life) (9) | 270.25 | +1.5 | — | 6.77 | — | 266.23 | 261.51 | 260.34 | 259.88 | 263.87 |
| 66 | Insurance (Composite) (10) | 154.77 | — | — | 9.15 | — | 154.75 | 152.30 | 152.00 | 150.33 | 172.09 |
| 67 | Insurance Brokers (7) | 519.03 | +0.6 | 10.86 | 5.00 | 12.61 | 515.71 | 512.23 | 509.64 | 500.38 | 389.54 |
| 68 | Merchant Banks (12) | 132.09 | +0.6 | — | 6.71 | — | 131.27 | 131.29 | 128.79 | 132.98 | 168.40 |
| 69 | Property (49) | 396.30 | +0.5 | 5.77 | 4.06 | 23.38 | 394.45 | 394.62 | 398.20 | 397.19 | 464.82 |
| 70 | Other Financial (15) | 165.64 | +1.1 | 10.49 | 6.91 | 6.25 | 163.80 | 164.15 | 154.61 | 164.61 | 173.58 |
| 71 | Investment Trusts (111) | 287.72 | +0.5 | — | 5.69 | — | 286.28 | 285.99 | 284.48 | 284.77 | 303.67 |
| 81 | Mining Finance (4) | 184.57 | +1.2 | 17.27 | 7.69 | 7.30 | 182.38 | 186.14 | 181.34 | 170.80 | 239.01 |
| 91 | Overseas Traders (15) | 355.32 | +1.0 | 14.41 | 9.01 | 8.53 | 351.94 | 346.31 | 342.75 | 356.40 | 428.68 |
| 99 | ALL-SHARE INDEX (750) | 323.97 | +0.2 | — | 6.09 | — | 323.36 | 323.01 | 320.37 | 318.92 | 307.37 |

**FIXED INTEREST**

| | PRICE INDICES | Thurs July 8 | Day's change % | Wed July 7 | xd adj. today | xd adj. 1982 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 113.53 | +0.19 | 113.32 | — | 5.90 |
| 2 | 5-15 years | 113.16 | +0.46 | 112.64 | — | 6.92 |
| 3 | Over 15 years | 116.30 | +0.39 | 115.84 | — | 7.64 |
| 4 | Irredeemables | 119.16 | — | 119.16 | — | 7.27 |
| 5 | All Stocks | 113.97 | +0.35 | 113.58 | — | 6.80 |
| 6 | Debentures & Loans | 89.22 | +0.01 | 89.21 | — | 6.83 |
| 7 | Preference | 66.08 | +0.03 | 66.06 | — | 3.58 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thurs July 8 | Wed July 7 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.75 | 10.77 | 12.78 |
| 2 | Coupons | 15 years | 12.45 | 12.49 | 13.33 |
| 3 | | 25 years | 12.75 | 12.88 | 13.55 |
| 4 | Medium | 5 years | 13.41 | 13.54 | 14.80 |
| 5 | Coupons | 15 years | 13.56 | 13.63 | 15.33 |
| 6 | | 25 years | 13.09 | 13.04 | 14.98 |
| 7 | High | 5 years | 13.47 | 13.55 | 14.85 |
| 8 | Coupons | 15 years | 13.71 | 13.77 | 15.50 |
| 9 | | 25 years | 13.12 | 13.15 | 15.10 |
| 10 | Irredeemables† | | 12.38 | 12.37 | 12.83 |
| 11 | Debs & Loans | 5 years | 14.60 | 14.58 | 15.88 |
| 12 | | 15 years | 14.51 | 14.52 | 15.91 |
| 13 | | 25 years | 14.46 | 14.49 | 15.94 |
| 14 | Preference† | | 15.03 | 15.03 | 16.13 |

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

**NEW HIGHS (56)**

[illegible]

**NEW LOWS (82)**

[illegible]

# WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 7, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR | COUNTRY | CURRENCY | VALUE OF DOLLAR | COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

# CURRENCIES and MONEY

## Dollar resists fall

The dollar recovered from a weak start in European currency trading yesterday. There was no obvious factor to account for the late demand for the U.S. currency, other than the already known influence of high interest rates. Eurodollars eased yesterday.

The pound was firm, despite the decline in London interest rates. Nervousness about international monetary and political stability kept sterling steady.

**DOLLAR — Trade-weighted index (Bank of England) 122.4 against 122.7 on Wednesday, and 107.3 six months ago. Three-month Treasury bills 12.30 per cent (11.66 per cent six months ago). Annual inflation 6.7 per cent (6.6 per cent previous month)** — The dollar rose to DM 2.5165 from DM 2.5135 against the D-mark, the highest level for 11 months; to a record FFr 6.9950 from FFr 6.9790 against the French franc, after touching FFr 7.0010; to SwFr 2.15 from SwFr 2.1490 in terms of the Swiss franc, the highest since September last year; but eased to Y258.12½ from Y259.25 against the Japanese yen.

**STERLING — Trade-weighted index 91.1 against 91.0 at noon, 91.1 in the morning, 91.1 at the previous close, and 91.8 six months ago. Three-month interbank 12 5/16 per cent (15 1/16 per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month)** — The pound eased 5 points to $1.7075-1.7085. It opened at $1.7080-1.7090, and touched a peak of $1.7140-1.7150 at lunch, and a low of $1.7070-1.7080 in the afternoon. Sterling rose to DM 4.30 from DM 4.2950; to FFr 11.95 from FFr 11.9250; to SwFr 3.6750 from SwFr 3.6725; but fell to Y440.75 from Y443.

**D-MARK — EMS member (weakest). Trade-weighted index 124.0 against 124.1 on Wednesday, and 122.6 six months ago. Three-month interbank 9.525 per cent (10.55 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month)** — The D-mark showed a firmer trend at the Frankfurt fixing in quiet trading. Uncertainty about future trends may have led to some profit taking in early trading, with the dollar falling to DM 2.5070 from DM 2.5145 at the fixing without any intervention from the Bundesbank. Later in the day the U.S. currency recovered to DM 2.5135, although the D-mark was generally stronger as rumours about liquidity problems within the German banking system ceased to dominate market sentiment. The Swiss franc fell to DM 1.1729 from DM 1.1742 at the fixing, and the French franc to DM 36.015 per 100 francs, from DM 36.035. Sterling was unchanged at DM 4.2960.

**ITALIAN LIRA—EMS member (strongest). Trade-weighted index 53.5 against 53.4 on Wednesday, and 55.4 six months ago. Three-month interbank 20 1/16 per cent (22½ per cent six months ago). Annual inflation 15.2 per cent (unchanged from previous month)**—Trading wound down very early in Milan yesterday, as the market's attention focused on the World Cup match between Italy and Poland. Earlier in the day the lira was generally firm, rising against the dollar, sterling and EMS currencies, influenced by seasonal factors including better balance of payments figures and a rise in foreign exchange reserves during the tourist season. The dollar fell to L1,404.45 at the fixing from the previous day's record high of L1,409.45.

**FRENCH FRANC—EMS member (third strongest). Trade-weighted index 73.3 against 73.6 on Wednesday, and 80.8 six months ago. Three-month interbank 14 5/16 per cent (15 per cent six months ago). Annual inflation 13.8 per cent (13.9 per cent previous month)** — The franc recorded mixed changes at the Paris fixing, improving against the dollar and sterling, but losing ground to the Swiss franc, Japanese yen, the D-mark, Italian lira and Dutch guilder. The dollar fell to FFr 6.9630 from FFr 6.9695, and the pound to FFr 11.92 from FFr 11.9290.

### THE POUND SPOT AND FORWARD

| July 8 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.7070-1.7150 | 1.7075-1.7085 | 0.41-0.46c dis | −3.06 | 1.42-1.47dis | −3.38 |
| Canada | 2.2000-2.2120 | 2.2055-2.2065 | 0.90-1.00c dis | −5.17 | 2.70-2.80dis | −4.99 |
| Nethlnd. | 4.73-4.76½ | 4.73¾-4.74¾ | 1½-1¼c pm | 3.48 | 4-3½ pm | 3.17 |
| Belgium | 81.95-82.25 | 82.00-82.10 | 13-23c dis | −2.63 | 54-64 dis | −2.88 |
| Denmark | 14.82-14.87½ | 14.82-14.83 | 2¼-3ore dis | −2.07 | 10⅞-12¼dis | −3.12 |
| Ireland | 1.2455-1.2500 | 1.2490-1.2500 | 0.65-0.77p dis | −6.82 | 1.99-2.16dis | −6.84 |
| W. Ger. | 4.28½-4.32 | 4.29½-4.30½ | 1⅝-1⅜pf pm | 3.84 | 3½-3¼ pm | 3.14 |
| Portugal | 144.50-146.00 | 145.00-145.50 | 80-265c dis | −14.25 | 220-755dis | −13.43 |
| Spain | 192.50-193.50 | 192.85-193.35 | 165-190c dis | −11.03 | 520-585dis | −11.24 |
| Italy | 2,400-2,410 | 2,402-2,404 | 13-16 lire dis | −7.24 | 47-52 dis | −8.24 |
| Norway | 10.91-10.98 | 10.94½-10.95½ | 3½-4½ore dis | −4.11 | 11⅛-12¼dis | −4.27 |
| France | 11.90½-11.96 | 11.94½-11.95½ | 1-3c dis | −2.01 | 8½-10½ dis | −3.18 |
| Sweden | 10.58-10.62 | 10.58½-10.59½ | 1¼-2ore dis | −1.84 | 5¼-6 dis | −2.10 |
| Japan | 439-445 | 440¼-441¼ | 2¼-1¾y pm | 5.45 | 6¼-5¼ pm | 4.99 |
| Austria | 30.10-30.30 | 30.12-30.17 | 12½-9½gro pm | 4.38 | 32½-28½ pm | 4.05 |
| Switz. | 3.65-3.69 | 3.67-3.68 | 2¾-2¼c pm | 7.76 | 7-6½ pm | 7.35 |

Belgian rate is for convertible francs. Financial franc 88.75-88.85. Six-month forward dollar 2.99-3.04c dis, 12-month 5.07-5.22c dis.

### THE DOLLAR SPOT AND FORWARD

| July 8 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7070-1.7075 | 1.7075-1.7085 | 0.40-0.46c dis | −3.06 | 1.45-1.55dis | −3.38 |
| Ireland† | 1.3700-1.3755 | 1.3730-1.3745 | 0.50-0.40c pm | 3.93 | 1.20-1.05 pm | 3.28 |
| Canada | 1.2865-1.2910 | 1.2900-1.2910 | 0.17-0.20c dis | −1.72 | 0.45-0.48dis | −1.46 |
| Nethlnd. | 2.7625-2.7750 | 2.7720-2.7750 | 1.60-1.50c pm | 6.73 | 4.62-4.52 pm | 6.61 |
| Belgium | 47.90-48.04 | 48.02-48.04 | 4-2c pm | 0.75 | 7-3 pm | 0.42 |
| Denmark | 8.6600-8.6775 | 8.6725-8.6775 | 0.90-0.65ore pm | 1.07 | 1.00-0.50 pm | 0.35 |
| W. Ger. | 2.5040-2.5175 | 2.5160-2.5170 | 1.42-1.37pf pm | 6.65 | 4.13-4.08 pm | 6.52 |
| Portugal | 84.70-85.30 | 85.05-85.30 | 30-130c dis | −11.28 | 70-370 dis | −10.34 |
| Spain | 112.70-113.11 | 112.75-112.85 | 70-80c dis | −7.98 | 205-235 dis | −7.81 |
| Italy | 1,402½-1,407½ | 1,406-1,407½ | 4½-5½ lire dis | −4.49 | 15-18 dis | −4.85 |
| Norway | 6.3925-6.4020 | 6.3950-6.3980 | 0.50-0.90ore dis | −1.31 | 1.50-1.90dis | −1.06 |
| France | 6.9550-7.0010 | 6.9925-6.9975 | 0.70-0.20c pm | 0.77 | 0.70-0.20 pm | 0.26 |
| Sweden | 6.1860-6.1970 | 6.1890-6.1920 | 0.60-0.40ore pm | 0.97 | 1.75-1.55 pm | 1.06 |
| Japan | 257.20-259.25 | 258.00-258.25 | 1.89-1.81y pm | 8.60 | 5.45-5.35 pm | 8.37 |
| Austria | 17.64¾-17.67 | 17.66½-17.67 | 11½-10¼gro pm | 7.39 | 32½-29½ pm | 7.03 |
| Switz. | 213.50-215.10 | 214.95-215.05 | 2.01-1.94c pm | 11.02 | 5.68-5.61 pm | 10.50 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY MOVEMENTS

| July 8 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 91.1 | −32.2 |
| U.S. dollar | 122.4 | +13.9 |
| Canadian dollar | 85.9 | −21.6 |
| Austrian schilling | 116.5 | +26.7 |
| Belgian franc | 94.6 | −1.7 |
| Danish kroner | 81.8 | −14.6 |
| Deutsche mark | 124.0 | +48.4 |
| Swiss franc | 143.7 | +94.4 |
| Guilder | 115.3 | +25.4 |
| French franc | 73.3 | −20.4 |
| Lira | 53.5 | −58.4 |
| Yen | 132.0 | +25.7 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

### CURRENCY RATES

| July 8 | Bank rate % | Special Drawing Rights | European Currency Units |
|---|---|---|---|
| Sterling | — | 0.638526 | 0.550699 |
| U.S. $ | 12 | 1.08539 | 0.942786 |
| Canadian $ | 16.56 | N/A | 1.21206 |
| Austria Sch. | 6¾ | 19.1121 | 16.6168 |
| Belgian F. | 14 | 51.9513 | 45.2189 |
| Danish Kr. | 11 | 9.40383 | 8.16933 |
| D mark | 7½ | 2.71605 | 2.36312 |
| Guilder | 8 | 2.99612 | 2.60730 |
| French Fr. | 9½ | 7.54364 | 6.56233 |
| Lira | 19 | 1521.62 | 1324.16 |
| Yen | 5½ | 280.327 | 242.864 |
| Norwgn. Kr. | 9 | 6.93370 | 6.03248 |
| Spanish Pts. | 8 | 122.157 | 106.319 |
| Swedish Kr. | 10 | 6.71268 | 5.83591 |
| Swiss Fr. | 5½ | 2.31629 | 2.01617 |
| Greek Dr'ch. | 20½ | N/A | N/A |

Greek dr'ch (n/a) 88.4442.

### OTHER CURRENCIES

| July 8 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentine Peso | †34.222-34.262 | †20.030-20.070 | Austria | 30.05-30.35 |
| Australia Dollar | 1.6880-1.6890 | 0.9867-0.9871 | Belgium | 88.60-88.70 |
| Brazil Cruzeiro | 300.15-301.15 | 175.40-176.28 | Denmark | 14.79-14.93 |
| Finland Markka | 8.1744-8.1844 | 4.7800-4.7820 | France | 11.87-11.97 |
| Greek Drachma | 120.43-120.85 | 70.30-70.40 | Germany | 4.27½-4.32½ |
| Hong Kong Dollar | 10.15-10.16½ | 5.94-5.94½ | Italy | 2370-2410 |
| Iran Rial | *145.40 | *85.00 | Japan | 443-448 |
| Kuwait Dinar (KD) | 0.49285-0.49340 | 0.28818-0.28858 | Netherlands | 4.72-4.76 |
| Luxembourg Fr. | 82.00-82.10 | 48.02-48.04 | Norway | 10.90-11.00 |
| Malaysia Dollar | 4.051¼-4.061¼ | 2.3705-2.3730 | Portugal | 142-158 |
| New Zealand Dlr. | 2.3245-2.3265 | 1.3565-1.3585 | Spain | 184¾-193¾ |
| Saudi Arab. Riyal | 5.8865-5.8935 | 3.4395-3.4415 | Sweden | 10.56-10.66 |
| Singapore Dollar | 3.691¼-3.701¼ | 2.1605-2.1630 | Switzerland | 3.64¼-3.68¼ |
| Sth. African Rand | 1.9834-1.9868 | 1.1598-1.1612 | United States | 1.70-1.72 |
| U.A.E. Dirham | 6.2810-6.2900 | 3.6720-3.6740 | Yugoslavia | 80½-95½ |

* Selling rate.

†Rate shown for Argentina is commercial. Financial rate: 56,452-56,492 against sterling: 33,000-33,050 against dollar.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU July 8 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9704 | 45.2189 | +0.55 | +0.34 | ±1.5501 |
| Danish Krone | 8.23400 | 8.16933 | −0.79 | −1.00 | ±1.6430 |
| German D-Mark | 2.33379 | 2.36312 | +1.26 | +1.05 | ±1.0888 |
| French Franc | 6.61387 | 6.56233 | −0.78 | −0.99 | ±1.3940 |
| Dutch Guilder | 2.57971 | 2.60730 | +1.07 | +0.86 | ±1.5004 |
| Irish Punt | 0.691011 | 0.686169 | −0.70 | −0.91 | ±1.6697 |
| Italian Lira | 1350.27 | 1324.16 | −1.93 | −1.93 | ±4.1369 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EXCHANGE CROSS RATES

| July 8 | Pound St'rling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1 | 1.708 | 4.300 | 440.8 | 11.95 | 3.676 | 4.738 | 2403. | 2.206 | 82.05 |
| U.S. Dollar | 0.585 | 1. | 2.518 | 258.1 | 6.996 | 2.152 | 2.774 | 1407. | 1.292 | 48.04 |
| Deutschemark | 0.233 | 0.397 | 1. | 102.5 | 2.779 | 0.855 | 1.102 | 558.8 | 0.513 | 19.08 |
| Japanese Yen 1,000 | 2.269 | 3.875 | 9.756 | 1000. | 27.11 | 8.338 | 10.75 | 5452. | 5.005 | 186.2 |
| French Franc 10 | 0.837 | 1.429 | 3.598 | 368.8 | 10. | 3.075 | 3.964 | 2011. | 1.846 | 68.66 |
| Swiss Franc | 0.272 | 0.465 | 1.170 | 119.9 | 3.252 | 1. | 1.289 | 653.9 | 0.600 | 22.33 |
| Dutch Guilder | 0.211 | 0.361 | 0.908 | 93.03 | 2.522 | 0.776 | 1. | 507.2 | 0.466 | 17.32 |
| Italian Lira 1,000 | 0.416 | 0.711 | 1.789 | 183.4 | 4.973 | 1.529 | 1.971 | 1000. | 0.918 | 34.14 |
| Canadian Dollar | 0.453 | 0.774 | 1.949 | 199.8 | 5.417 | 1.666 | 2.148 | 1089. | 1. | 37.19 |
| Belgian Franc 100 | 1.219 | 2.082 | 5.241 | 537.2 | 14.56 | 4.479 | 5.774 | 2929. | 2.689 | 100. |

### FT LONDON INTERBANK FIXING (11.00 a.m. JULY 8)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 15 3/4 | offer 15 7/8 | bid 16 1/8 | offer 16 1/4 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### EURO-CURRENCY INTEREST RATES (Market closing Rates)

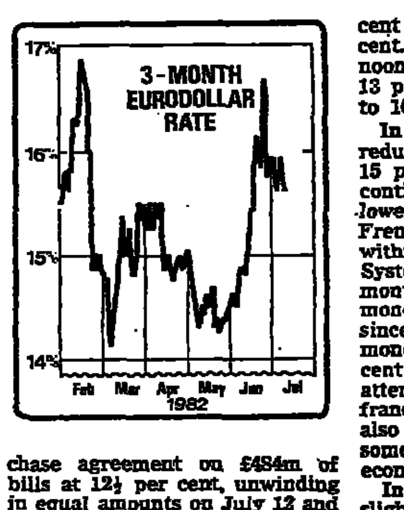
| July 8 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 12⅝-12¾ | 14⅜-14⅝ | 15½-16½ | 9⅛-9¼ | 2½-3 | 8-8⅛ | 14⅞-15⅛ | 18-20 | 13½-14½ | 14⅛-14⅜ | 6½-6¾ | 9½-11 |
| 7 day's notice | 12⅝-12⅞ | 14⅜-14⅝ | 17-18 | 9⅛-9¼ | 2¾-3 | 8⅜-8½ | 15-15¼ | 18½-20 | 13½-14½ | 14¾-15 | 6 9/16-6 11/16 | 12½-14 |
| Month | 12½-12⅝ | 15 5/16-15 7/16 | 17⅛-17⅜ | 8⅞-9 | 4 3/16-4 5/16 | 8 7/16-8 9/16 | 14¾-15 | 19½-20½ | 14¼-15¼ | 15-15⅛ | 6⅞-7 | 15⅜-15⅞ |
| Three months | 12½-12⅝ | 15½-15¾ | 17⅝-17⅞ | 9 1/16-9 3/16 | 5-5⅛ | 9⅛-9¼ | 15⅜-15¾ | 20⅜-21 | 14⅛-15⅛ | 15⅛-15¼ | 7⅛-7¼ | 15⅞-17⅜ |
| Six months | 12 9/16-12 11/16 | 15⅞-16⅛ | 17⅝-17⅞ | 9 5/16-9 7/16 | 6-6⅛ | 9 5/16-9 7/16 | 16¾-17⅛ | 21½-22 | 15¼-16¼ | 15⅛-15¼ | 7 5/16-7 7/16 | 16¾-18¼ |
| One Year | 12⅝-12¾ | 15⅝-15⅞ | 17⅝-17⅞ | 9½-9⅝ | 6-6⅛ | 9 7/16-9½ | 17⅞-18¼ | 21¾-22⅜ | 15½-16¼ | 15-15¼ | 7⅛-7¼ | 17⅝-19⅛ |

SDR linked deposits: one month 12¾-13⅛ per cent; three months 13-13⅜ per cent; six months 13½-13⅞ per cent; one year 13⅜-13¾ per cent.
ECU linked deposits: one month 12-12½ per cent; three months 12⅜-12¾ per cent; six months 12⅞-13¼ per cent; one year 13⅛-13½ per cent.
Asian $ (closing rates in Singapore): one month 15 5/16-15 9/16 per cent; three months 15¼-15⅞ per cent; six months 16⅛-16 5/16 per cent; one year 15¾-15⅞ per cent. Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15⅞-16⅛ per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.95-15.05 per cent; three months 15.25-15.35 per cent; six months 15.50-15.60 per cent; one year 15.50-15.60 per cent.

## UK rates continue to fall

**UK clearing bank base lending rate 12½ per cent (since June 8)**

Interest rates continued to fall in London yesterday spurred on by further reductions in Bank of England dealing rates. Rates for band 1 bills fell by up to ⅛ of a point and 1/16 in bands 2 and 4. Three-month sterling CDs were quoted at 12 7/16-12 5/16 per cent compared with 12⅝-12½ per cent while discount houses' buying rates on three-month eligible bank bills slipped to 12 per cent from 12⅛ per cent.




The Bank of England forecast a shortage of £550m yesterday with factors affecting the market including Exchequer transactions −£70m, a rise in the note circulation −£30m, banks' balances below target −£170m and bills maturing in official hands together with a net take up of Treasury bills −£170m. The Bank gave assistance in the morning of £533m comprising outright purchases of £29m of eligible bank bills in band 1 (up to 14 days) at 12½-12 7/16 per cent, £19m in band 2 (15-33 days) at 12⅜ per cent and £1m of eligible bank bills in band 4 (64-84 days) at 12½ per cent. In addition the bank entered into a sale and repurchase agreement on £484m of bills at 12½ per cent, unwinding in equal amounts on July 12 and July 13. Additional help was given in the afternoon of £72m, making a grand total of £605m. The afternoon help was made up of a further sale and repurchase agreement on £72m of bills at 12½ per cent, unwinding on July 13.

In the interbank market overnight money opened at 12⅝-12¾ per cent and rose to 12¾-13 per cent before peaking at 13-13½ per cent. Rates eased in the afternoon to 12½-12¾ per cent, touched 13 per cent before falling away to 10 per cent.

In Paris the Bank of France reduced it call money rate to 15 per cent from 15¼ per cent, continuing a recent policy of lowering rates now that the French franc is more stable within the European Monetary System. This followed last month's devaluation and call money is now at its lowest level since March 17. At that time call money was increased to 17 per cent from 15 per cent in an attempt to support the French franc. The steady fall in rates is also seen as an attempt to put some stimulation into the economy.

In Frankfurt call money was slightly easier at 9.05 per cent, reflecting recent moves by the authorities to inject funds into the system. Yesterday's repurchase agreement fixed at 8.9 per cent added a further DM 6.4bn repayable on August 6. Banks were slightly better placed with borrowings under the Lombard facility falling from DM 11.6bn on Tuesday to DM 8.9bn on Wednesday.

EUROCURRENCIES

## Eurodollar rates ease

Eurodollar rates were slightly easier yesterday after the recent sharp rise. This reflected a certain lack of direction in the market ahead of any possible move by the Federal authorities in view of impending money supply distortions. Lower U.S. rates were mirrored in forward trading where the dollar was mostly weaker. The D-mark and the Swiss franc both showed narrower premiums against the dollar while the dollar's discount narrowed against sterling, despite a further reduction in UK domestic rates.

Elsewhere the French franc was at a premium against the dollar in forward trading up to three-months as French interest rates continued to decline, falling below corresponding levels in the U.S. Other European rates showed little overall change.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime rate | 16½ |
| Fed funds (lunch-time) | 13⅞-14⅛ |
| Treasury bills (13-week) | 12.30 |
| Treasury bills (26-week) | 12.62 |

**GERMANY**

| | |
|---|---|
| Lombard | 9.00 |
| Overnight rate | 9.05 |
| One month | 9.45 |
| Three months | 9.55 |

**FRANCE**

| | |
|---|---|
| Six months | 9.70 |
| Intervention rate | 14.75 |
| Overnight rate | 15.0 |
| One month | 14.5625 |
| Three months | 14.5625 |
| Six months | 14.5625 |

**JAPAN**

| | |
|---|---|
| Discount rate | 5.5 |
| Call (unconditional) | 7.03375 |
| Bill discount (three-month) | 7.28125 |

### LONDON MONEY RATES

| July 7 1982 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10-13⅛ | 12⅛ | — | — | 12¼-12⅞ | 11-12¾ | — | — | — |
| 2 days notice | — | — | 12⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 12½-13 | 12⅛ | — | — | 12⅞ | 12⅛ | — | — | — |
| One month | 12 11/16-12⅛ | 12⅛-12⅞ | 12⅛ | 13¼-13 | 12 9/16 | 12¾-12⅞ | 12-12¼ | 12⅜ | 12 7/16-12⅜ | 13 |
| Two months | 12⅝-12½ | 12 9/16-12¼ | — | 13⅛-12⅝ | 12⅝ | 12¾-12⅞ | 11⅞-12 | 12⅛ | 12 5/16-12⅛ | 12 13/16 |
| Three months | 12 7/16-12 5/16 | 12 9/16-12¾ | 12⅛ | 13⅛-12¾ | 12⅝ | 12¾-12⅞ | 11¾-11⅞ | 11 15/16-12 1/16 | 12 | 12⅝ |
| Six months | 12 9/16-12 13/16 | 12 11/16-12⅝ | 12 9/16 | 12½-12⅛ | 12⅝ | — | — | — | 11 15/16-12 1/16 | 12 9/16 |
| Nine months | 12⅝-12¾ | 12 11/16-12 13/16 | — | 12¾-12⅛ | 12 11/16 | — | — | — | — | — |
| One year | 12 11/16-12 13/16 | 12 11/16-12 13/16 | 12⅛ | 12¾-12⅛ | 12¾ | — | — | — | — | — |
| Two years | — | — | 13¼ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13⅝ per cent; four years 13½ per cent; five years 13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 per cent; four months trade bills 12⅝ per cent.

Approximate selling rate for one month Treasury bills 12⅛ per cent; two months 12 per cent; three months 11⅞-11 29/32 per cent. Approximate selling rate for one month bank bills 12⅛-12¼ per cent; two months 12 per cent and three months 11⅞-11 29/32 per cent; one month trade bills 12⅝ per cent; two months 12⅝ per cent; three months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2313 per cent. Certificates of Deposit (Series 6) 13¼ per cent from June 30. Deposits withdrawn for cash 11 per cent.



# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED TRUSTS

[illegible]

# INSURANCE & OVERSEAS MANAGED FUNDS

## INSURANCES

**Abbey Life Assurance Co. Ltd. (z)**
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

| | | | | |
|---|---|---|---|---|
| Property Fund | 228.5 | 240.6 | ..... | — |
| Equity Fund | 49.6 | 52.2 | ..... | — |
| Property Acc. | 267.8 | 281.9 | ..... | — |
| Equity Acc. | 48.2 | 50.8 | ..... | — |
| Selective Fund | 146.7 | 154.5 | ..... | — |
| Money Fund | 167.4 | 176.3 | ..... | — |
| Convertible Fund | 179.6 | 189.1 | ..... | — |
| Prop. Fd. Ser. 4 | 210.9 | 222.1 | ..... | — |
| Equity Ser. 4 | 54.3 | 57.2 | ..... | — |
| Man. Ser. 4 | 197.8 | 208.3 | ..... | — |
| Money Ser. 4 | 151.9 | 159.9 | ..... | — |
| Conv. Ser. 4 | 152.0 | 160.0 | ..... | — |
| Fixed Int. Fd. Ser. 4 | 118.3 | 124.6 | ..... | — |
| American Ser. 4 | 108.9 | 114.7 | ..... | — |
| High Inc. Ser. 4 | 115.8 | 121.9 | ..... | — |
| Indexed Inv. Series 4 | 96.9 | 102.1 | ..... | — |
| Pension Property | 319.5 | 336.4 | ..... | — |
| Pension Equity | 283.3 | 298.3 | ..... | — |
| Pension Selective | 148.2 | 156.0 | ..... | — |
| Pension Managed | 295.5 | 311.1 | ..... | — |
| Pension Security | 224.8 | 236.6 | ..... | — |
| Pension Fixed Int. | 115.6 | 121.7 | ..... | — |
| Pension Indexed Inc. | 97.1 | 102.3 | ..... | — |

**Albany Life Assurance Co. Ltd.**
31, Old Burlington St., W.1. 01-437 5962

| | | | | |
|---|---|---|---|---|
| Equity Fd. Acc. | 327.8 | 334.8 | +0.1 | — |
| Fixed Int. Acc. | 197.3 | 207.6 | -0.1 | — |
| Gtd. Money Fd. Ac. | 157.0 | 165.2 | ..... | — |
| Intl. Man. Fd. Acm. | 139.0 | 146.2 | -0.3 | — |
| Intl. Fxd. Int. Fd. | 107.8 | 113.6 | +0.2 | — |
| Prop. Fd. Acc. | 159.5 | 167.9 | ..... | — |
| M'ple Inv. Acc. | 247.6 | 260.5 | -0.1 | — |
| Equity Pen.Fd.Acc. | 435.7 | 458.6 | +0.3 | — |
| Fixed I. Pen.Acc. | 318.1 | 334.8 | -0.2 | — |
| G'td.Mon.Pen.Acc. | 218.0 | 229.5 | ..... | — |
| Intl.Mn.PnFdAcc. | 160.1 | 168.5 | -0.3 | — |
| Prop.Pen.Acc. | 210.7 | 221.8 | ..... | — |
| M'ple Inv.Pen.Acc. | 358.6 | 377.4 | -0.1 | — |

**AMEV Life Assurance Ltd.**
2-6, Prince of Wales Rd., B'mouth. 0202 762122

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 193.9 | 204.3 | -1.2 | — |
| Money Fd. | 144.2 | 151.8 | +0.2 | — |
| [illegible] | | | | |

**Crown Life—Continued**

| | | | | |
|---|---|---|---|---|
| St. George Mangd. Fd. | 110.2 | 116.0 | ..... | — |
| Lincs & Gen. Fd. | 116.1 | 122.2 | ..... | — |
| Stag Fd. | 84.5 | 88.9 | ..... | — |
| Heritage Fd. | 98.3 | 103.4 | ..... | — |
| DSS Managed | 103.4 | 108.8 | ..... | — |
| Crown. Brit. Inv. A | 217.2 | | ..... | — |
| Pens. Mixed. Fd. | 146.7 | 152.0 | ..... | — |
| Pens. Mang'd. Acc. | 109.4 | 115.1 | ..... | — |
| Pens. Mang'd. Init. | 105.3 | 110.8 | ..... | — |
| Pens. Equity Acc. | 99.2 | 104.3 | ..... | — |
| Pens. Equity Init. | 95.1 | 100.1 | ..... | — |
| Pens. Fxd. Int. Acc. | 108.1 | 113.7 | ..... | — |
| Pens. Fxd. Int. Init. | 104.1 | 109.5 | ..... | — |
| Pens. Money Acc. | 108.2 | 113.9 | ..... | — |
| Pens. Money Init. | 104.9 | 110.4 | ..... | — |

**Crusader Insurance PLC**
Tower Hse, 38 Trinity Sq. EC3N 4DJ. 488 2323

| | | | | |
|---|---|---|---|---|
| Growth Prop July 6 | 101.7 | 111.2 | ..... | — |
| Managed Pens. June 9 | 117.24 | 123.41 | ..... | — |

**Eagle Star Insur./Midland Assur.**
1, Threadneedle St., EC2. 01-588 1212

| | | | | |
|---|---|---|---|---|
| Eagle/Mid. Units | 78.1 | 81.0 | +0.2 | 6.14 |

**Equity & Law Life Ass. Soc. Ltd.**
Amersham Road, High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| UK Equities Fund | 185.8 | 195.5 | +1.0 | — |
| Higher Inc. Fund | 119.2 | 125.4 | -0.2 | — |
| Property Fund | 192.2 | 202.3 | ..... | — |
| Fixed Interest Fund | 142.5 | 150.0 | +0.4 | — |
| Index Linked Secs Fnd. | 93.5 | 98.4 | ..... | — |
| Gtd. Deposit Fund | 135.9 | 143.0 | ..... | — |
| Nth. America Fund | 104.0 | 109.6 | -0.7 | — |
| Far East Fund | 80.8 | 85.0 | -0.5 | — |
| International Fund | 95.7 | 100.7 | -0.4 | — |
| Mixed Fund | 166.0 | 174.7 | +0.3 | — |

**Equity & Law (Managed Funds) Ltd.**
Amersham Road, High Wycombe. 0494 33577

| | | | | |
|---|---|---|---|---|
| Ind. Pen. Equity | 194.2 | 204.4 | ..... | — |
| Ind. Pen. Property | 144.1 | 151.6 | ..... | — |
| Ind. Pen. Fixed Int. | 138.4 | 145.6 | ..... | — |
| Ind. Pen. Indx Lk. Sec. | 102.9 | 108.3 | ..... | — |
| Ind. Pen. Overseas | 145.0 | 152.6 | ..... | — |
| Ind. Pen. Cash | 135.5 | 142.6 | ..... | — |
| Ind. Pen. Balanced | 153.9 | 161.9 | ..... | — |
| Ind. Pen. Dep. Admin. | 135.5 | 142.6 | ..... | — |

Prices at June 10. Next settlement July 15.

[illegible]

## OFFSHORE AND OVERSEAS

[illegible]

## NOTES

[illegible]

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99¼ | 95⅝ | Exch. 9¼pc 1982 | 99¼ | +⅛ | 9.32 | 12.46 |
| 98¹¹⁄₁₆ | 94⅝ | Exch. 8¾pc 1983 | 98¹¹⁄₁₆xd | +⅛ | 8.87 | 11.48 |
| 95¼ | 91 | Exch. 3pc 1983 | 95¼ | +⅛ | 3.15 | 11.06 |
| 99¼ | 95¼ | Treasury 12pc 1983‡‡ | 99¾ | +⅛ | 12.03 | 12.26 |
| 98 | 92⅞ | Treasury 9¼pc '83 | 97⅞xd | +⅛ | 9.45 | 11.52 |
| 102 | 96⅞ | Exch. 13½pc '83 | 101⅜ | ...... | 13.32 | 12.13 |
| 98⅛ | 91⅞ | Exch. 10pc 1983 | 98 | +⅛ | 10.20 | 11.42 |
| 95⅞ | 87⅞ | Funding 5½pc '82-84‡‡ | 95⅝xd | +⅛ | 5.77 | 8.88 |
| 98¼ | 91⅞ | Exch. 11¼pc 1984 | 98¼ | +⅛ | 11.39 | 12.08 |
| 102⅞ | 96¼ | Exchequer 14pc 1984 | 102⅛ | +¼ | 13.71 | 12.64 |
| 89¾ | 81⅛ | Exch. 3pc 1984 | 89¾ | ...... | 3.34 | 8.85 |
| 98½ | 91½ | Treasury 12pc 1984 | 98½ | +¼ | 12.18 | 12.72 |
| 104½ | 96¼ | Treasury 15pc 1985 | 104¼ | +⅛ | 14.39 | 13.01 |
| 98⅞ | 89½ | Exch. 12pc Cnv. '85 | 98 | +⅛ | 12.24 | 12.86 |
| 84¾ | 73½ | Treasury 3pc 1985 | 84½ | −¼ | 3.55 | 9.27 |
| 97¼ | 87½ | Treasury 11½pc 1985 | 97¼xd | +⅛ | 11.84 | 12.68 |
| 98⅜ | 88⅝ | Exch. 12¼pc 1985 | 98⅜ | +⅜ | 12.45 | 12.81 |
| 96⅝ | 86⅛ | Exch. 11¾pc '86 | 96⅝ | +½ | 12.16 | 12.92 |
| 81½ | 69 | Treasury 3pc 1986 | 81¼ | −¼ | 3.69 | 8.83 |
| 97¼ | 86¼ | Treasury 12pc '86 | 97¼ | +⅛ | 12.34 | 12.89 |
| 90¼ | 80⅜ | Treasury 8½pc '84-86‡‡ | 90½xd | ...... | 9.39 | 11.53 |
| 30¼ | 28⅝ | Treas. 12¾pc '86 (£30pd) | 30¼ | +⅛ | 12.50 | 12.91 |
| 102¾ | 91⅞ | Exch. 14pc 1986 | 102⅝ | +¼ | 13.64 | 13.14 |
| 103⅞ | 90 | Exch. 13¼pc 1987 | 100⅜xd | +¼ | 13.20 | 13.14 |
| 83¾ | 73⅞ | Funding 6½pc '85-87‡‡ | 83½ | −¼ | 7.78 | 10.99 |

### Five to Fifteen Years

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 76 | 64½ | Treasury 3pc 1987 | 76 | +¼ | 3.95 | 9.05 |
| 98¼ | 85¾ | Treas. 12pc 1987 | 97⅛ | +½ | 12.64 | 13.32 |
| 85⅛ | 72½ | Treasury 7¾pc '85-88‡‡ | 83xd | +½ | 9.30 | 11.94 |
| 70⅛ | 60⅛ | Transport 3pc '78-88 | 70⅛xd | +¼ | 4.26 | 9.72 |
| 94½ | 79⅞ | Treasury 11½pc 1989 | 94½ | +⅝ | 12.75 | 13.79 |
| 71 | 62½ | Treasury 5pc '86-89 | 71 | +¼ | 7.16 | 11.16 |
| 101½ | 85⅞ | Treasury 13pc 1990‡‡ | 96¼xd | +½ | 13.48 | 13.76 |
| 97⅛ | 85⅝ | Exch. 12½pc 1990 | 97⅛ | +½ | 13.30 | 13.90 |
| 80⅛ | 70⅛ | Treasury 8¼pc '87-90‡‡ | 80⅛ | +¼ | 10.37 | 12.35 |
| 93½ | 77⅞ | Treasury 11¾pc 1991 | 89½xd | +⅝ | 13.12 | 13.87 |
| 068 | 59¼ | Funding 5¾pc '87-91‡‡ | 68 | +¼ | 8.65 | 12.04 |
| 89⅛ | 76⅜ | Exch. 11pc 1991 | 87½ | +⅝ | 12.90 | 13.89 |
| 99½ | 81⅞ | Treasury 12¾pc '92‡‡ | 94xd | +⅜ | 13.50 | 13.81 |
| 84⅞ | 70 | Treasury 10pc 1992 | 84⅞ | +⅜ | 12.35 | 13.51 |

### Over Fifteen Years

### Undated

### Index-Linked & Variable Rate

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

### Public Board and Ind.

## LOANS—Continued

### Financial

### Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

## BANKS & H.P.—Cont.

### Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INSURANCE

## LEISURE

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS-Cont.

### Finance, Land, etc.

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

### Central African

| 1982 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 120 | 75 | Falcon Rh.50c | 80 | ...... | 025c | 10.3 | 23.3 |
| 33 | 20 | Wankie Col. Z$1 | 20 | ...... | 03c | 1.2 | 12.1 |
| 21 | 12 | Zam.Cpr.SBD0.24 | 14 | ...... | — | — | — |

### Australian

### Tins

### Miscellaneous

## NOTES

## REGIONAL AND IRISH STOCKS

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| **Industrials** | | House of Fraser | 15 | Utd. Drapery | 7 |
| Allied-Lyons | 8 | I.C.I. | 24 | Vickers | 16 |
| BOC Intl. | 15 | "Imps" | 8 | Woolworths | 5 |
| B.S.R. | 8½ | I.C.L. | 5½ | | |
| Babcock | 10 | Ladbroke | 15 | **Property** | |
| Barclays Bank | 42 | Legal & Gen. | 19 | Brit. Land | 7½ |
| Beecham | 21 | Lex Service | 10 | Cap. Counties | 10 |
| Blue Circle | 48 | Lloyds Bank | 42 | Land Secs. | 28 |
| Boots | 19 | "Lofs" | 6½ | MEPC | 20 |
| Bowaters | 24 | London Brick | 7 | Peachey | 14 |
| Brit. Aerospace | 17 | Lucas Inds. | 20 | Samuel Props. | 11 |
| B.A.T. | 38 | "Mams" | 12 | Town & City | 3½ |
| Brown (J.) | 7 | Mrks. & Spncr. | 12 | | |
| Burton Ord. | 15 | Midland Bank | 30 | **Oils** | |
| Cadburys | 9 | N.E.I. | 9 | | |
| Courtaulds | 8 | Nat. West. Bank | 38 | Brit. Petroleum | 26 |
| Debenhams | 7 | P & O Dfd. | 14 | Burmah Oil | 10 |
| Distillers | 15 | Plessey | 92 | Charterhall | 6 |
| Dunlop | 6½ | Racal Elect. | 35 | KCA | 14 |
| Eagle Star | 31 | R.H.M. | 6½ | Premier | 6 |
| F.N.F.C. | 4 | Rank Org. Ord. | 20 | Shell | 30 |
| Gen. Accident | 28 | Reed Intnl. | 26 | Tricentrol | 22 |
| Gen. Electric | 65 | Sears | 6 | Ultramar | 38 |
| Glaxo | 42 | T.I. | 13 | | |
| Grand Met. | 17 | Tesco | 5½ | **Mines** | |
| G.U.S. 'A' | 45 | Thorn EMI | 42 | Charter Cons. | 25 |
| Guardian | 25 | Trust Houses | 11 | Cons. Gold | 45 |
| G.K.N. | 15 | Turner & Newall | 11 | Lonrho | 7 |
| Hawker Sidd. | 30 | Unilever | 56 | Rio T. Zinc | 42 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday July 9 1982



TALKS ON PEACE FORCE FOR BEIRUT

# Habib plan prompts optimism

BY JAMES BUCHAN IN BEIRUT

NEGOTIATORS working to save West Beirut from Israeli attack believe they may be close to the basis for an agreement. Their optimism follsa suggestion yesterday by Mr Philip Habib, the U.S. special envoy, that the political leaders and guerrillas of the Palestine Liberation Organisation should withdraw from the encircled city at the same time as a multi-national peace-keeping force is deployed.

The raised hopes come amid warnings from the Soviet Union that deployment of U.S. troops in Beirut would not be welcomed. Mr Leonid Brezhnev, the Soviet leader, did, however, urge the U.S. to try to bring the crisis in the country to an end.

Negotiations on the crisis centreing on Mr Habib are taking place at the home of the Lebanese President, Mr Elias Sarkis, in Baabda, just east of Beirut. Chiefly they involve the Lebanese Government and PLO intermediaries, including Mr Walid Jumblatt, who leads Lebanon's left-wing Druse community.

Mr Habib's suggestion, made unofficially, could be decisive in removing a major stumbling block to a solution now that the U.S. is ready to send troops into Lebanon.

The Palestinians have agreed in principle to leave. They are thinking of the Damascus highway as a route but insist, with the Lebanese Government, that an international force is deployed first.

They want it to supervise disengagement and to protect the Palestinians and the Lebenese left-wingers and Moslems in West Beruit from possible attack by Israel's Lebanese allies, the Phalangist (Christian) forces who control East Beirut.

The role of France in any international force is likely to be nearly as critical as that of the U.S. It is thought that a multinational force could scarcely be objectionable to the Soviet Union if it were demanded by all parties to the conflict. This is a French condition for involvement in any force.

France is setting four conditions for its participation:

- It must be invited by the Lebanese Government, which seems likely:
- All parties to the question, including the Palestinians, must agree to its deployment:
- There should be some form of mandate, fixing both the duration of the force's deployment and its tasks: and.
- There should be some unspecified "cushion," in the form of a United Nations decision, that would legitimise the force.

A Palestinian request to the negotiators on Wednesday, that they should leave Beirut but wait and regroup in the Bekaa Valley until the various Arab governments agree to receive different detachments, is not seriously entertained, not least because such a grouping would be vulnerable to Israeli attack on open ground.

It is being suggested that Syria would accept at least one of the two regular battalions of the Palestine Liberation Army, that is, 600 fighting men, and a further 1,800 Palestinian fighters mobilised last year from other Arab countries may be able to return to their former places of asylum.

That would leave about 1,200 Lebanon - based Palestinian fighters in the city and a further 2,000 Palestinian militiamen, originally deployed to guard the three Palestinian camps in West Beirut, many of whom have families in Beirut and may, if allowed to, disarm.

According to Palestinian fighters on the front line, no orders have been issued for them to leave.

There remains also the problem of what political presence the PLO will leave behind to look after the interests of more than 400,000 Palestinian civilians in Lebanon. These problems require time but can be solved, officials believe.

Scene, Page 3

# Unions let GEC nearer to role in AEG rescue

By Kevin Done in Frankfurt

LORD WEINSTOCK, chief executive of GEC, the British electrical group, is to meet representatives of the AEG-Telefunken workforce in Frankfurt this week amid signs that trade union resistance to the UK company's participation in a rescue of the financially troubled West German electrical group, is beginning to weaken.

AEG is the 13th largest industrial company in West Germany, with about 123,000 workers and annual sales worth more than DM 15bn (£3.5bn).

Herr Eugen Loderer, chairman of IG Metall, the most powerful trade union in the country, admitted yesterday, after a meeting on Wednesday night with the Economics and Finance Ministers that no alternative "national solution" was available.

"There is still no alternative, by way of a German shareholding, to keep the Englishman out," he said in a radio interview. He was convinced, however, that there would be sufficient interested bidders to buy the lucrative parts of AEG, if it were to go into liquidation.

Earlier this week, Dr Otmar Emminger, former chairman of the Bundesbank, the West German central bank, presided over a meeting in Frankfurt of representatives of several large West German industrial corporations—including Siemens, Bosch and Mannesmann—at which possible "national solutions" to AEG's plight were discussed, it is understood.

The worry for companies such as Siemens and Bosch is that GEC, a potent competitor in international markets, could gain access to advanced AEG technology, particularly in areas such as telecommunications, and weapons and defence systems.

On Wednesday, however, Herr Manfred Lahnstein, the Finance Minister and Count Otto Lambsdorff, the Economics Minister, made clear to the union delegation that *no* national solution was in sight.

Yesterday, Herr Loderer also made clear that the unions understood there was no possibility that the West German Government would take a direct equity interest in AEG.

Herr Helmut Schmidt, the West German Chancellor, said on Wednesday night that the state could not be turned into a "holding company." He added, however, "the state is in a position to help with export order guarantees, if a strategy to show that the company can pull through this difficult period were to be presented."

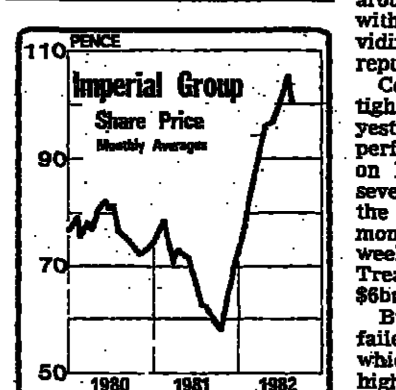
AEG said yesterday that it assumed Bonn would decide next week to grant loan guarantees to cover specific export orders worth up to DM600m in all. The guarantees would clear the way for banks to open new lines of credit to the beleaguered concern.

THE LEX COLUMN

# Hatching the new Imperial

After nearly a week of teasing, the Bank of England at last gave an unequivocal market signal by lowering its dealing rates on very short bills yesterday, and it is now more or less certain that clearing bank base rates are heading for 12 per cent. The gilt-edged market spent a comfortable day, although some Jeremiahs were pointing out that 12 per cent marked the bottom of the last interest rate cycle.

**Index fell 3.8 to 551.4**




## Imperial Group

A year ago the stock market had more or less written off Imperial Group's dividend, and the shares could be picked up on a historic yield of nearly 20 per cent. In the event the dividend was held, but the interim figures were abysmal and the chairman left in a thunderstorm; the subsequent months have resounded with the thud of axes felling dead wood in the Imperial forest. It is an almost comical measure of the way the new management has changed ideas about Imps that yesterday there was some sulking in the City at the absence of a dividend increase.

Yet an increase on any significant scale would have been hugely inappropriate. Imps has been paying out far too much for far too long, and a maintained dividend this year will just about be covered by current cost earnings. And that calculation takes no account of the £67m of write-offs announced yesterday, most of it relating to the sale of the poultry businesses.

For the six months to April Imps has reported pre-tax profits of £65.8m, compared with £29.7m in 1980-81, but it should not be forgotten that £70m was a standard interim profit in preceding years. Nor are the 1981-82 figures exactly clean. They are flattered to the extent of £2.3m by changes in depreciation policy, and reduced to the tune of £10m by the decision to transfer some first half tobacco profits, relating to the exceptional level of trading before the Budget, into the second half.

This unusual procedure has apparently at least half a nod from the auditors, who are said to consider it fair although it is manifetly not true. Imps goes on to say that it expects second half profits will be similar to last year's—which means that without the £10m roll-your-own smoothing payment, they would be well down.

Tobacco has benefited from the absence of last year's John Player King Size launch, and from more muted price-cutting activity. But discounting has continued on another front, since increasingly generous credit terms have been offered to the trade. This helps to explain why Imps' net interest charge is down by only £2.8m, far less than a glance at last year's balance sheet would lead one to expect.

The brewing division remains the most resilient business, and its margins have held up well on lower volume thanks to the rationalisation of production capacity.

The amazing thing about Impeial is that it remains a yield stock even though the shares have doubled from last year's low point. A p/e ratio above 10 on a full tax charge is distinctly high, given the mix of businesses, but the yield is still well in double figures, 10.7 per cent at 100p. Some very necessary surgery has been carried out, but that is perhaps the easy bit — the problem now is to get some growth out of the sound businesses that the group retains. And there is always the risk that Imps will splash out and make one of its awful acquisitions.

## Currencies

The U.S. credit markets suggested yesterday that they still have the depth to absorb a drain on liquidity without racking up money rates another notch. Eurodollar rates closed a shade easier in London—the three month position finished at 15⅜ per cent—and Federal Funds opened in New York around the 14 per cent level, with the Federal Reserve providing comfort through another repurchase operation.

Considering the underlying tightness in the money markets yesterday, this was not a bad performance. Payment was due on last week's $4bn tender of seven-year notes as well as on the $10.6bn of three and six-month bills sold earlier this week. On top of that, the Treasury was seeking a further $6bn in one-year paper.

But the more settled tone failed to unhinge the dollar, which remains at historically high levels against several continental currencies.

Sterling is still charting a fairly even course, despite the easing of domestic money rates. The trade-weighted index finished unchanged yesterday at 91.1, helped perhaps by the strong capital position of the clearing banks at a time when some international banks are having to issue statements denying that anything is wrong. Illiquidity in the U.S. banking system is driving up commercial paper rates, while concern about the solvency position of German banks is having an unsettling effect on the D-Mark.

## Quest Automation

The Government is having to pay more than lip-service in its support of the microchip revolution. In July last year, the National Enterprise Board stumped up £2.9m equivalent to 190p per ordinary share—for a stake in Quest Automation, a small computer company. Since then Quest has reported a loss of £1.5m for the six months to August and the shares have tumbled to a new low of 25p, falling by 56 per cent in the last week.

The NEB, now part of the glamorous British Technology Group, announced last week that it had made a negative return on capital employed of 30 per cent in 1981. The NEB can justifiably claim that its investments are of a long-term nature but, as the Negretti & Zambra experience showed, the stock market sometimes takes a less far-sighted view. The best way out for Quest may be to seek help from an electricals group with overlapping interests and the necessary resources. Over to you, Sir Ernest Harrison.

# Pressure grows for cuts in BR

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL'S deteriorating financial position as a result of the Aslef strike is expected to put increasing pressure on the Government to agree to a financial reconstruction of BR.

BR losses for the current year are set to exceed £200m, even on the basis of the length of the strike to date, after payment of the Government grant.

The loss for 1982 was forecast at about £150m following the Aslef two-day stoppages earlier this year, and BR is losing about £6m in revenue for each day that the present dispute goes on.

BR's balance sheet carries accumulated losses of £78.3m from last year.

The Government would not expect to agree to write off BR's debts until after it had considered the report of the inquiry into BR by Sir David Serpell, a former Transport Department official and British Railways Board member.

The inquiry was first requested by Sir Peter Parker, BR chairman, last summer when the longer-term consequences of the railways' declining financial position were becoming apparent.

Mr David Howell, Transport Secretary, agreed to the inquiry in May, and it is expected that its findings will be sumitted to the Government by the end of the year.

The finances of the railways have come under increasing pressure over the past couple of weeks and the longer-term outlook for BR is being shaped by the present labour disputes.

It will shortly find itself faced with having to decide whether to borrow against its £150m temporary borrowing limit to pay wages to members of the National Union of Railwaymen and the Transport Salaried Staffs Association.

The Government might agree to a capital reconstruction, similar to that it agreed for the British Steel Corporation last year, in time for a new incoming chairman of BR.

Sir Peter is to leave in September next year. This would enable Government to give the new chairman more precise instructions on running the railways, in line with the new policy for incoming chairmen of nationalised industries.

BR had capital reconstructions in 1962, 1968 and 1974, and hoped that the Government would re-shape its balance sheet shortly.

It is likely that any such agreement by the Government would involve substantial changes in the size of BR, including cuts in the network, further reductions in the workforce, and stringent conditions on investment.

## Train drivers

Continued from Page 1

ber for industrial relations, said yesterday: "We are open next week. But we must have a massive return to work — otherwise we have to think about a different course of action."

BR will decide, probably on Tuesday or Wednesday, what action to take in the light of its current losses during the strike of about £8.5m per day. There are two main options:

- Shutting the entire network. BR would not pay any staff to reduce its costs. This would involve suspending the guaranteed working week for NUR members and the much more difficult task of suspending the guaranteed work of the Transport Salaried Staffs' Association members. Such actions would raise the possibility of legal injunctions by the unions to prevent them.
- Dismissing all Aslef members. A condition of their re-employment would be the acceptance of the flexible rostering which is at the heart of the dispute. These two main options could be run concurrently if necessary.

BR's tough stance is emphasised in advertisements placed today in the national newspapers, which state bluntly that "the railways are in terrible danger." BR says: "Time is critical now — day by day. Unless Aslef calls off its strike immediately or drivers return to work, there will be unavoidable and grave consequences for all who work on the railway."

Aslef has decided to join the other two unions in referring its pay claim for this year to arbitration. BR has withdrawn its offer to all rail unions of 5 per cent. Not only will it not necessarily meet a tribunal award if it is more than it can afford, but it will not even attend the hearing of the Railway Staffs National Tribunal if the current strike remains in force.

The Prime Minister again encouraged and congratulated Aslef members who had defied the strike call. However, Mr Alan Sapper, TUC chairman, said at the miners' conference that Mrs Thatcher was planning to emulate the action of President Reagan during the U.S. air traffic controllers strike by sacking Aslef members and bankrupting the union.

Mr Ray Buckton, Aslef's general secretary, said that the vast majority of his members were continuing to show solidarity.

Continued from Page 1

## Interest rates

below that level since June 1978.

National Westminster Bank, which was the first to respond last month with a cut in its base rate, reacted cautiously yesterday. "There is clearly some movement in interest rates generally and we are watching the markets very closely," it said.

However, the markets appeared to believe that a ½ point cut in base rates would not be long delayed.

Money market interest rates have been falling all this week and yesterday the seven-day interbank rate was down another 1/16 point to 12¼ per cent.

Although the three-month Eurodollar interest rate also eased by 1/16 point to 15⅜ per cent, the pound lost 5 points on the day against the dollar in London.

It closed above the psychological threshold of $1.70 at $1.7080. Its Bank of England trade weighted index against a basket of currencies remained at 91.1, unchanged from Wednesday.

The dollar was again strong, rising 30 points against the Deutsche Mark in London from Wednesday's to close at DM 2.5165. It also gained further ground against the French franc and the Swiss franc.

# 'Secrets' for Falklands inquiry

BY PETER RIDDELL, POLITICAL EDITOR

THE OFFICIAL inquiry into the origins of the Falklands crisis will have access to secret Intelligence assessments and reports, as well as Cabinet and departmental records, Mrs Margaret Thatcher disclosed yesterday.

The Prime Minister won Parliamentary approval for formation of the inquiry, to be conducted by privy counsellors under the chairmanship of Lord Franks, without a vote.

But this was only after barbed comments from Opposition leaders and from Mr Edward Heath about the extent of the concessions she made in recent consultations. Mr Denis Healey, the Labour deputy leader, pointed to "substantial changes from her original intentions."

Mr James Callaghan and Mr Healey were highly critical of Government handling of the dispute before the Argentine invasion.

Both said that the Prime Minister was directly responsible, and their attacks show that Labour will take a very strong line against Mrs Thatcher personally if the report provides critical ammunition.

She was closely questioned on the composition of the inquiry, answering that it must consist of privy councillors since otherwise the committee could not see all relevant information, including Intelligence documents.

While the Government aim was to present Parliament with the report in full, she said, it retained the right to delete before publication any material disclosure of which would be prejudicial to national security or damaging to foreign relations.

The committee will be asked to avoid including such information in its main report. Any such information would be submitted to the Government as a confidential annex.

Mrs Thatcher, stressing the safeguards on handling of documents of previous Governments to deal with susceptibilities of former Prime Ministers about constitutional propriety, said documents would be available solely to members of the inquiry as privy councillors.

Members and advisers of earlier Governments could see relevant papers on their own periods if invited to give evidence. These would not be disclosed to members of the present Government.

These assurances appeared to satisfy Mr Callaghan and Mr Heath.

The Government will suggest to Lord Franks that before any committee criticism of an individual is put in the report it should be given to the person concerned, and opportunity for representations given.

Mr Michael Foot, the Labour Leader, pledged Labour support for the inquiry after the concessions which had been made.

Mr Callaghan, in a very strong speech, said the fundamental question for the inquiry was whether a prudent Government would have taken more positive and firm action earlier to forestall the invasion.

Australian initiative on carrier sales irks Nott Page 6: Falkland inquiry terms approved Page 10

## Wall St

Continued from Page 1

can strike out of the blue and cause widespread damage.

The majority of investors had never heard of either Drysdale Government Securities or Penn Square Bank yet the two managed to land big banks with losses amounting to several hundred million dollars.

The mounting unease in the financial community has affected liquidity in the markets and strained banking relationships. The one beneficiary of this anxiety is the U.S. Treasury. Demand for Treasury securities, particularly short-term bills, has increased as investors look for safe havens for their money.

# David Sainsbury aids business school

BY CHRISTOPHER LORENZ

MR DAVID SAINSBURY, finance director and largest single shareholder in the J. Sainsbury supermarket chain, is to put up £1.25m for the London Business School to establish a research centre for business strategy.

The funds will be provided in annual instalments over the next five year by a trust set up by Sainsbury which already finances academic research.

As a result the school can establish what it hopes will become the second largest academic unit in the West specialising in business policy and corporate strategy after the Harvard Business School.

The prime aim of the centre is to become not only an academic one, but also a source of practical influence, particularly on decision-making at board level. This sets it apart from some of the more purely academic activities of business schools both in Europe and the U.S.

The Sainsbury endowment, an inflation-proofed £250,000 a year, will be followed by attempts to raise an annual £150,000 from other savers to enable the centre to conduct wider activities.

Mr Sainsbury says that one of his reasons for funding the centre is that he shares a widespread feeling "that there is a considerable need for better strategic thinking in British industry."

Prof James Ball, principal of the school, says the centre "will put us in the forefront of strategic thinking."

Though one of the centre's six main areas of study will be the "strategy" of service organisations, it is not expected to devote disproportionate attention to Sainsbury's own business, retailing.

One of its first studies will be industrial structure and competitive strategies in the world reprographics industry. Others will deal with strategy in the financial sector and various aspects of mature industries, including the role of outside directors.

Among Mr Sainsbury's outside interests is chairmanship of the Social Democratic Party's financial advisory committee.

Building more muscle into corporate strategy, Page 16.

## Weather

**UK TODAY**

MAINLY dry but cooler. Some rain later.

**S., S.E., N.W., N.E. England, Midlands, North Wales, E. Scotland**
Sunny periods; thundery rain later. Max. 22C. (72F.).

**S.W. England, S. Wales, Channel Islands, Isle of Man, N. Ireland, S.W. Scotland**
Cloudy with rain; brighter later. Max. 20C. (68F.).

**Rest of Scotland**
Cloudy with rain, becoming heavier. Max. 19C. (66F.).

**Outlook:** Rain with sunny intervals.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 29 | 84 | L. Ang.† | | — | — |
| Algiers | S | 34 | 93 | Luxmbg. | S | 24 | 75 |
| Amsdm. | S | 24 | 75 | Luxor | S | 40 | 104 |
| Athens | F | 28 | 82 | Madrid | S | 37 | 99 |
| Bahrain | | — | — | Majorca | S | 36 | 97 |
| Barclna. | S | 29 | 84 | Malaga | S | 28 | 82 |
| Beirut | | — | — | Malta | S | 29 | 84 |
| Belfast | C | 18 | 64 | Mchstr | C | 21 | 70 |
| Belgrd. | C | 21 | 70 | Melbne. | C | 12 | 54 |
| Berlin | S | 23 | 73 | Mx. C.† | | — | — |
| Biarritz | S | 36 | 97 | Miami† | F | 27 | 81 |
| Bmghm. | F | 25 | 77 | Milan | S | 29 | 84 |
| Blackpl | C | 19 | 66 | Montr'l† | S | 23 | 73 |
| Bordx. | S | 35 | 95 | Moscow | C | 21 | 70 |
| Boulgn. | S | 21 | 70 | Munich | S | 22 | 72 |
| Bristol | S | 25 | 77 | Nairobi | C | 23 | 73 |
| Brussels | S | 25 | 77 | Naples | S | 30 | 86 |
| Budpst. | S | 22 | 72 | Nassau | | — | — |
| Cairo | | — | — | Nwcstl. | C | 18 | 64 |
| Cardiff | S | 23 | 73 | N. York† | | — | — |
| Casblca | F | 23 | 73 | Nice | S | 29 | 84 |
| Cape T. | S | 23 | 73 | Nicosia | S | 28 | 82 |
| Chicg.† | F | 21 | 70 | Oporto | F | 20 | 68 |
| Cologne | F | 25 | 77 | Oslo | F | 21 | 70 |
| Copngn. | F | 20 | 68 | Paris | S | 27 | 81 |
| Corfu | S | 30 | 86 | Perth | C | 18 | 64 |
| Denver† | S | 15 | 59 | Prague | C | 20 | 68 |
| Dublin | C | 18 | 64 | Rykjvk. | C | 10 | 50 |
| Dbrvnk. | S | 26 | 79 | Rhodes | S | 26 | 79 |
| Ednbgh. | S | 19 | 66 | Rio J'ei† | | — | — |
| Faro | S | 23 | 73 | Rome | S | 30 | 86 |
| Florence | S | 33 | 91 | Salzb'rg | S | 24 | 75 |
| Frankft. | S | 25 | 77 | S'ciscot | C | 13 | 55 |
| Funchal | S | 25 | 77 | S. M'ritz | | — | — |
| Geneva | S | 25 | 77 | Singapr. | C | 26 | 79 |
| Gibrltr. | S | 29 | 84 | S'tiagot | | — | — |
| Glasg'w | F | 19 | 66 | Stckhm. | S | 22 | 72 |
| G'msey | S | 25 | 77 | Strasb'g | S | 26 | 79 |
| Helsinki | C | 17 | 63 | Sydney | F | 14 | 57 |
| H. Kong | C | 29 | 84 | Tangier | F | 24 | 75 |
| Innsbrk | S | 25 | 77 | Tel Aviv | S | 28 | 82 |
| Invrnss. | C | 17 | 63 | Tenerife | S | 26 | 79 |
| I. o Man | Fg | 14 | 57 | Tokyo | C | 26 | 79 |
| Istanbul | | — | — | Toronto† | F | 20 | 68 |
| Jersey | S | 26 | 79 | Tunis | S | 33 | 91 |
| Jo'burg | S | 19 | 66 | Valencia | S | 36 | 97 |
| L. Plms. | S | 24 | 75 | Venice | S | 27 | 81 |
| Lisbon | F | 22 | 72 | Vienna | F | 22 | 72 |
| Locarno | S | 28 | 82 | Warsaw | F | 20 | 68 |
| London | S | 27 | 81 | Zurich | S | 24 | 75 |

C—Cloudy. F—Fair. Fg—Fog. S—Sunny.
† Noon GMT temperatures.